

ETHICS REFORM: TESTIMONY OF H. ROSS PEROT

4. 3: S. HRG. 103-15

ethics Reform: Testimony of H. Ross...

HEARING

BEFORE THE

**JOINT COMMITTEE ON THE
ORGANIZATION OF CONGRESS**

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ETHICS REFORM: TESTIMONY OF H. ROSS PEROT

MARCH 2, 1993



MAY 14 1993

Printed for the use of the Joint Committee on the Organization of Congress

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1993

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-040273-5

ETHICS REFORM: TESTIMONY OF H. ROSS PEROT

4. 3: S. HRG. 103-15

hics Reform: Testimony of H. Ross...

HEARING

BEFORE THE

**JOINT COMMITTEE ON THE
ORGANIZATION OF CONGRESS**

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ETHICS REFORM: TESTIMONY OF H. ROSS PEROT

MARCH 2, 1993



MAY 14 1993

Printed for the use of the Joint Committee on the Organization of Congress

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1993

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-040273-5

JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS

[Authorized by H. Con. Res. 192, 102d Congress]

SENATE

DAVID L. BOREN, Oklahoma, *Co-Chairman*
PETE V. DOMENICI, New Mexico, *Co-Vice Chairman*

JIM SASSER, Tennessee	NANCY L. KASSEBAUM, Kansas
WENDELL H. FORD, Kentucky	TRENT LOTT, Mississippi
HARRY REID, Nevada	TED STEVENS, Alaska
PAUL S. SARBANES, Maryland	WILLIAM S. COHEN, Maine
DAVID PRYOR, Arkansas	RICHARD G. LUGAR, Indiana
GEORGE J. MITCHELL, Maine, <i>Ex Officio</i>	
ROBERT DOLE, Kansas, <i>Ex Officio</i>	

HOUSE OF REPRESENTATIVES

LEE H. HAMILTON, Indiana, *Co-Chairman*
DAVID DREIER, California, *Co-Vice Chairman*

DAVID OBEY, Wisconsin	ROBERT S. WALKER, Pennsylvania
AL SWIFT, Washington	GERALD B.H. SOLOMON, New York
SAM GEJDENSON, Connecticut	BILL EMERSON, Missouri
JOHN M. SPRATT, Jr., South Carolina	WAYNE ALLARD, Colorado
ELEANOR HOLMES NORTON, D.C.	JENNIFER DUNN, Washington
RICHARD A. GEPHARDT, Missouri, <i>Ex Officio</i>	
ROBERT H. MICHEL, Illinois, <i>Ex Officio</i>	

G. KIM WINCUP, *Staff Director*
WALTER OLESZEK, *Policy Director*
KELLY L. CORDES, *Chief Clerk*
JOHN F. DEEKEN, *Professional Staff Member*
C. LAWRENCE EVANS, *Professional Staff Member*
PHILIP W. GRONE, *Professional Staff Member*
NICHOLAS P. WISE, *Professional Staff Member*
MAUREEN GROFFE, *APSA Fellow*
CAROL HARDY VINCENT, *CRS Policy Analyst*
JACK MASKELL, *CRS Legislative Attorney*
JAMES SATURNO, *CRS Policy Analyst*
MARY LOU SMULLEN, *Special Assistant*
SHELLEY GOUGH, *Staff Assistant*
STACEY SPEVAK, *Staff Assistant*

CONTENTS

MARCH 2, 1993

Page

OPENING STATEMENTS

Hon. David L. Boren, a U.S. Senator from the State of Oklahoma	1
Hon. Pete V. Domenici, a U.S. Senator from the State of New Mexico.....	3

WITNESS

Mr. H. Ross Perot	5
Prepared statement	55

(III)

ETHICS REFORM: TESTIMONY OF H. ROSS PEROT

TUESDAY, MARCH 2, 1993

UNITED STATES CONGRESS,
JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS,
Washington, DC.

The committee met, pursuant to notice, at 3:05 p.m. in room 216, Hart Senate Office Building, Hon. David L. Boren (co-chairman of the committee) presiding.

Chairman BOREN. I would like to ask the members of the press to clear the area so that we can begin the hearing.

Before I open the hearing officially, I would like to apologize for our colleagues in the House. This is one of the problems that we have in terms of our own scheduling. They have five back-to-back votes which were unscheduled but which have now started on the House side. So the House members of the committee will be joining us just as soon as the last of those votes is completed. They will be coming back in, but it will be just a few minutes before those votes are completed and before they're able to join us.

OPENING STATEMENT OF HON. DAVID L. BOREN, A SENATOR FROM THE STATE OF OKLAHOMA

Chairman BOREN. I want to welcome our witness to the hearing today and also welcome our guest. Let me say that we have a very special guest with us today.

The members of the Joint Committee are well aware of the history of reform efforts in the Congress. The last major effort was, I believe, dubbed a success by all observers. We have had efforts since then. We have had efforts that have made a real contribution to the Congress and to the country.

But the last major comprehensive reform of Congress—the most sweeping reform was accomplished in 1947 after the Munroney-LaFollette Committee, headed by Senator Munroney in the Senate—then Congressman Munroney—and Senator LaFollette. Senator Munroney later came to the Senate after he chaired that committee on behalf of the House of Representatives.

At the time when the committee's work was finished, there were 38 committees between the House and the Senate combined with parallel jurisdiction. Congress worked more as it should.

When we wrote the legislation that established this Joint Committee on the Organization of Congress to attempt another major effort at reform, coming at the end of the Cold War—the earlier effort coming right after the end of World War II when we knew

we faced a new era in the country and we needed reform and change—we patterned the make-up of this committee to be a joint committee with House Members and Senate Members, that it be a total bipartisan committee with an equal number of Democrats and an equal number of Republicans, on the work, pattern, and organizational structure of the Munroney-LaFollette Committee.

I am very pleased—and I don't want to embarrass her because I've not told her I would do that—but we are very pleased to have Mrs. Mary Ellen Munroney, the widow of Senator Munroney, in the audience with us today. We want to especially welcome her to the committee and to its proceedings.

The Joint Committee is committed to trying to make the changes in Congress that will strengthen this institution. In many ways I think we would have to say that the last election focused on issues of governmental reform. When the people looked at the fact that so much time is spent by Members of Congress raising more and more money to mount campaigns with more and more of that money coming from special interest groups; when they looked at the fact that very often there has been a revolving door between Government and the private sector with people leaving high positions in our Government to work for private interests—some of them private foreign interests—when they looked at the fact that unlike the situation when the Munroney-LaFollette Committee completed its work there are no longer 38 committees between the House and the Senate.

There are now 299 committees and subcommittees in the Congress with overlapping jurisdiction and a staff that has grown from some 2,000 to 12,000 direct staff with almost 38,000 if we count the support staff of other supporting agencies to the Congress.

And when they have noticed that we seem to be bogged down when it comes to dealing with the major problems of the day—getting the budget deficit under control, educational reform, improving the productivity of our economy—people I think were trying to express to us that they didn't want politics as usual. They want change.

I think there is always a tendency to believe that once an election season is passed and the period of political debate is over that the people have forgotten about the need for changes and reform in our political process. I think it is clear that they have not forgotten. The people expect us to act. The people do not want business as usual. The people want us to improve this institution to make it better serve the American people through the trustees of this institution and the members of this committee.

I think particularly the members of this committee from both parties and both Houses have a real commitment to reform the institution and to reform the political process. They sought to serve on this committee because they have those values.

We are the trustees of this institution. It doesn't belong to us. It belongs to the American people and it belongs to our children and grandchildren who will follow us. If we do not fulfill our responsibility as trustees to improve this institution, who will? There is no one else in a position to do it. There is no one else that has a vote to change our rules and to change our structure and to change our procedure. We have that vote and we have that opportunity. If we

don't do it now, after the people have spoken so forcefully, when will we ever do it?

So the Joint Committee on the Organization of Congress was established and given a 1-year time deadline. Unlike so many other temporary committees that are with us sometimes a century later, this committee has only a year to exist. We did that on purpose because we felt that we needed to get on with the business that is the people's business and it should be done now in a timely fashion.

So we come to this work of our committee this year, hopefully making recommendations by mid-summer so that the whole Congress will have a chance to vote on our recommendations during this calendar year, with a sense of dedication to the task.

I want to especially welcome our witness today, Mr. Ross Perot. Our committee hopes to hear from voices all across America who have a sincere concern in the political process and ideas about how it can be reformed and changed. Mr. Perot has written and spoken widely on this subject.

On a personal note, when I was asked by the President to go and speak to a group of Mr. Perot's volunteers during the campaign in Dallas, I went expecting that most of the discussion would focus probably on the budget deficit. Certainly that is an extremely important issue. Much of our discussion did focus on it, but I found that probably 60 percent of the questions and concerns voiced by that group were about reform of the political process—the revolving door, the influence of even foreign governments on our own political process in this country, run-away campaign spending, the influence of PACs, and other things that needed to be changed.

So there is a strong commitment in that organization, and a commitment which I am sure continues. I am sure Mr. Perot will speak to that.

Also, as we have looked at what is happening in the American economy, as business after business—great corporations in this country—have been forced to restructure, to downsize, to streamline, to become more efficient, to set up organizational structures that will make them more accountable—as the private sector has had to do that, and as Mr. Perot through his experience in the private sector has been a part of that process himself, I think it is important that we get the perspective of the private sector as well as those who have had experience in the public sector about how we should go about our business.

Mr. Perot, we welcome you today. We look forward to hearing your testimony.

I would like to ask if there are colleagues on the committee that might have opening remarks to make. I want to especially call on the vice chairman, Senator Domenici of New Mexico, to make any comments he might like to make.

**OPENING STATEMENT OF SENATOR PETE V. DOMENICI, A U.S.
SENATOR FROM THE STATE OF NEW MEXICO**

Senator DOMENICI. Thank you very much, Mr. Chairman.

Let me join in the accolades and thank you, Mr. Perot, not only for being here today but for what you have done in the past year or so for America and for America's future.

It is really a great joy for me to see an American who is dedicated only to this country and who maintains an optimistic and hopeful attitude about this great country's future. I think you have done a marvelous job in assuring Americans that we have a great future.

At the same time, I thank you for what has made the American people look up to you, and that is honesty, straightforwardness, and plain talk. We really need to learn from you how to do that better.

I thank you for the 30 minutes or so that you spent in my office with me today talking about some of the issues. It was a pleasure to share with you. I am hopeful that with the passage of time we will be able to share more and more of what we understand and what we see with you so that you can help us get the message to Americans about our deficit and our Government.

This committee has a very interesting job. Frankly, I joined my friend from Oklahoma as the chief architect and original sponsors moving this through the United States Senate and ultimately the House. I am very proud that Senator Bob Dole appointed me to become the vice chairman and selected a group of Republicans on our side to help our chairman with his Democratic colleagues.

There are a couple of interesting things. This can hardly be political because we have engineered it where there is an equal number on each side on this one. So we are charged with coming to conclusions that will be supported in a very broad way and that we will have bipartisan support in trying to get them done. I think that was one of your messages, that if you want to get things done you better join together shoulder-to-shoulder and forget about which party you're in.

My last comment to you is that I am very hopeful that today you will do at least two things for us. We hope that you will shed light on what you think our mission is and how we might better succeed in reforming our Government. And we ought to start right here. Congress better reform itself while we look to reform all of Government.

Secondly, I think it is important that the public know what we are doing. You help us immensely by coming before us, thus many more Americans will understand tomorrow and in the weeks to come that there is a very important House and Senate joint committee, bipartisan, trying to make Congress more responsive in the future. From my standpoint, I am always hope-filled.

In fact, hope springs eternal. I have been on two of these reform groups in my life here in the Senate. We did a little bit in each one. The time has come for us to do a lot and some major reform. We have the momentum and we thank you for helping us with that.

Thank you, Mr. Chairman.

Chairman BOREN. Thank you very much.

Senator Cohen, any opening comments?

Senator COHEN. Not at this time, Mr. Chairman.

Chairman BOREN. Senator Reid?

Senator REID. No, Mr. Chairman.

Chairman BOREN. Senator Kassebaum?

Senator KASSEBAUM. Nothing, Mr. Chairman.

Chairman BOREN. Senator Lugar?

Senator LUGAR. None, Mr. Chairman.

Chairman BOREN. Senator Pryor?

Senator PRYOR. No, Mr. Chairman.

Chairman BOREN. I thank my colleagues very much.

Again, Mr. Perot, we welcome you. You have come at a propitious time. This week not only will our committee be continuing its work but the Rules Committee will be holding its first hearings on campaign finance reform; the Government Operations Committee of the Senate will be holding hearings on lobby reform as well. So the reform agenda is before us.

I might mention that President Clinton has given his support and encouragement to both of these efforts as well as a constant encouragement to our effort, as have Senator Dole and Senator Mitchell. Our committee began its first hearings by having the joint leadership of Congress—both Democratic and Republican—Mr. Foley, Mr. Michel, Mr. Mitchell, Mr. Dole all appeared before us. For the first time in 200 years, the joint leadership appeared before a joint committee in a single day.

I think it signals that we are serious, we are trying to do this in a bipartisan way, and we would welcome your suggestions at this time.

STATEMENT OF H. ROSS PEROT

Mr. PEROT. Thank you, Mr. Chairman. It is a privilege to be with you. And it is an unexpected privilege to have all these young people here as presidential scholars. It's a particular joy to be here with them—

[Applause.]

Mr. PEROT. —for two reasons. Number one, all this effort you're going through—if we could get down inside all your hearts, you are doing it for the next generation. Our generation could coast it out, but they can't.

The second reason I think all of us are involved in this—particularly all the members of this committee—is we have been spending their money, that is wrong, and we're getting ready to straighten it out and leave the American dream intact for them, as our parents did for us.

I commend the members of this Joint Committee on the Organization of Congress for your willingness to tackle the difficult task of reforming our Government. I understand that you didn't have to do it. You're all volunteers.

Senator DOMENICI. That's right.

Mr. PEROT. You deserve medals of courage for even going in the door on this one.

Your work in the coming weeks and months will determine the success of the plans before Congress to bring run-away spending under control, and even more importantly, to restore the confidence of the American people in their Government.

I saw a survey not too long ago that showed that over 91 percent of the people felt that they had too little influence over their Government. This is supposed to be a Government of, by, and for the people that comes from the people. When 91 percent of the people feel that way—or discount that down as you see fit—if 50 percent felt that way we would all be concerned. It is time that we take a close look at why.

We are very fortunate to have some of the finest Members of the House and Senate serving on this committee. This undertaking will take great courage on your part. I urge you on behalf of the millions of the ordinary people who are out there just doing an honest day's work today to stand on principles, don't compromise, and I guarantee you their support.

Across this great country, ordinary citizens will be cheering for you who are willing to make the difficult decisions to reform our Government, which we have to do as step one if we want to rebuild our country. We have an interesting problem now called gridlock by everybody because we have a system that doesn't work. You are getting ready to change the system and put a system in place that will take us successfully into the 21st century.

As I already said, we have to stop spending our children's money and pay our debts. That will require discipline, something that unfortunately does not exist in the present system. We must lay the foundation for the 21st century to see that it will be this country's greatest century.

Thomas Jefferson said, "I place economy among the first and most important virtues, and public debt as the greatest of the dangers to be feared." He must be having nightmares right now with the size of our debt.

Our people understandably feel that after going \$4 trillion into debt, our elected leaders should have created Utopia for our citizens. We should now have great jobs for everyone; a growing, expanding economy; the best schools in the world; little crime; no illegal drugs; the world's finest health care system; and effective social programs that benefit the needy.

Our only challenge as a people should be to pay off the \$4 trillion debt.

As we all well know, we have not created Utopia in America. We have the most violent, crime-ridden society in the industrialized world; our public schools rank at the bottom of the industrialized world; we have 5 percent of the world's population and 50 percent of the world's cocaine use; our roads, bridges, and other infrastructure are in decay; our industrial base and job base are deteriorating; our citizens are not at work in good jobs—10 years ago the average citizens was making \$440 a week, and as his job got transported overseas, those folks got downgraded to \$270—our tax base is disappearing at a time we desperately need it; millions of Americans have no jobs; and yet we have a system here in Washington, DC that continues to ship entire industries overseas. Even our finest companies—the jewels of the world at one point—are now downsizing dramatically.

I think it is safe to say that we have to conclude that our country has been mismanaged. If we were a business, we would now be bankrupt.

In short, we have the worst of both worlds. We have to pay back \$4 trillion and we are surrounded by problems that still exist that will require huge expenditures to fix.

Within a few months, if this committee does its work as I know it will, you can restore the confidence of the American people in their elected servants and in their Government, and that is the most important thing you can do because right now it is very low. All across this country, millions of people will actively support you and admire your courage.

I cannot overemphasize how critical our financial situation is. We are \$4 trillion in debt. Just to put it in perspective, we have gone \$130 billion more into debt since election day. Time is critical. Our current annual increase in the national debt exceeds the cost to fight and win World War II. That should help the ordinary citizen to understand the size of the growth of the debt. All ordinary income taxes paid by people west of the Mississippi are used just to pay the interest on the debt.

The magnitude of the debt was not discussed in prior political campaigns. It was in this last campaign. I used to refer to it as a crazy aunt we kept in the basement. All the neighbors knew she was there, but nobody ever talked about her.

She was out of the basement all during the campaign. I think she went to the Inaugural Ball this time.

[Laughter.]

Mr. PEROT. It is the first priority with everybody. That is a healthy thing.

In any problem, human nature is to go through a period of denial. We have been through denial on the national debt. We are now facing it. Now we have to go through rehabilitation or detoxification, or however you want to say it.

Just as a practical businessman, the worst thing you can do for a friend who is trying to quit drinking is to buy him a liquor store. So keep that in mind. Just throwing money at every problem that comes by in the sense of restabilizing our economy is an exact analogy to giving a friend who is trying to stop drinking a liquor store of his own.

The mood across America is one of frustration, apprehension, and distrust. I say this based on very close contact with people all across this country. I spend every weekend going from State to State, having an opportunity to meet and visit with groups. The patterns on their reactions - - and I would urge you to have some of your staff members attend those meetings and write down what people react to. You will see that there is a serious lack of confidence in our Government based on its past performance.

One of the reasons the people have this low level of trust is the Tax and Budget Summit. I think it is important to talk about it because we can't repeat it. We can't repeat it for two reasons. Number one, it will lower the confidence level. Number two, it will break us.

This time around we have to deliver what we promised. American people are even cynical about being manipulated and misled by elected servants as a result of this experience. Our Government told the people during the Tax and Budget Summit that if we would agree to these taxes spending would be brought under con-

trol and that the budget deficit for the following year would be \$63 billion.

A few months later, after we agreed to taxes, Washington, DC said, "Oops, it is \$318 billion," a \$255 billion mistake.

Even worse, at a time when we were assured—and this is what the American people are worried to death about now—that if we agreed to the tax increase we would pay down the debt. Nobody told the American people that that very year spending was increased \$1.83 for every new dollar of taxes. The debt soared instead of falling. There was never a chance to pay down the debt.

One other event has really damaged the American people's confidence in our leaders in Washington, DC. The savings and loan problem. The average citizen now has figured out that our Government was formally warned of this problem in 1984, but the PAC money kept flowing in and it was huge. All the other things that were around the savings and loan industry kept flowing in, and interestingly enough, nobody touched it until the day after election in 1988.

By then it had become a problem of several hundred billion dollars, and guess who picked up the tab? These guys never got a ride in any of those jet airplanes, or yachts, or go to those vacation houses, but they had to pick up the tab. They feel very strongly that our elected leaders should have gotten into that problem quickly since we, the people, guarantee just about everything that is moving in this country, whether it is pinch-and-plan savings and loans, banks, small investors on Wall Street—that's one to give you a shiver—and the list goes on. You know that the total sum of those guarantees is in multiple trillions of dollars. We could not ever meet them if the guarantees came due. That is the reason we must stabilize our economy now.

Put in plain talk, the people are concerned that the Federal Government does not keep books. Or if they keep books, they are concerned that the financial records are so wildly inaccurate it doesn't matter. That is a very harsh statement, but it is a true statement, and that is why I say it.

Congress, itself, reaffirmed that feeling when Congress laughed in the State of the Union meeting speech when the President said, "I will use the CBO numbers." There was general laughter in the room.

To the working American, they said to themselves, "I guess the President is saying that his numbers are no good, Congress is saying that their numbers are no good."

Again and again I have said, "This is like trying to fly a 747 on the deck through the mountains at night in the fog with no instruments."

We have to have numbers. We have to have accurate numbers to have the confidence of the people and also to successfully accomplish this job.

There is one ticket out of there and that is a growing, expanding economy. Our job base and tax base deteriorate simultaneously when we don't have one.

To pay the \$4 trillion debt and rebuild our country, every American must be working in a good-paying private sector job—I emphasize the private sector job and I hope you will try to beat me up on

that subject—so that he or she can pay taxes. As we create jobs, we need to create jobs that have longevity, not bubble jobs. We can talk about that if you want to. Bubble jobs are one-time jobs that come and go. Build a factory in a community, make great products, ship them all over the world, and you have a growing industrial base in that community that will provide jobs for several decades at a minimum.

The average citizen knows that we have exported millions of jobs overseas through trade agreements that made no sense for the United States and the people of the United States, and that these agreements were engineered by highly paid foreign lobbyists, many of whom were former United States Government officials. If you want to see the most negative reaction I ever see across the country, it is right there. If we allow that to continue, we will not be able to keep the confidence of the American people.

The average citizen has figured out that if \$4 trillion in debt would not jump-start our economy, it is unlikely that additional Federal expenditures in the small magnitude we're considering now would be the answer to rebuild a growing, expanding job base. We need to have most of that occur in the private sector. I will be glad to discuss that if you want to.

The average citizen understands and accepts the fact that sacrifice will be necessary. You would be so proud of the mood—and I am talking about everybody from the young people to the old people. There is an absolute willingness to accept fairly shared sacrifice. The programs must be sound, they must be well-conceived, and they must work.

The American people feel that this is our last chance. We have wasted trillions of dollars on programs that did not work. We are running out of fuel, if you will, to fund new programs. This time we can't shoot from the hip, we can't throw rocks at night, we have to take careful aim, zero in, and go through the logical process of things you have to do to make projects work.

The most important thing the American people want is all the facts. I think there is an assumption that has grown—not consciously on anybody's part—that the American people don't really want to know that much about it or aren't smart enough to understand it. They do want to understand it and they certainly can understand it. Since they pay for it, they deserve to understand it.

They want details, not sound bites. They don't want 1-minute ads, they want details. They do not want a new program where taxing and spending occur first and there is only a dream of cuts and savings at a later time. The American people want to see the entire plan laid out and explained to them in plain language detail before it is passed into law.

This is very important and it is unusual. They want to see a chart showing them the plan, how it is going to work quarter after quarter after quarter, then every quarter they want an audited financial report of whether or not we are on target. If you were running a corporation, you would owe that to your stockholders. You are running the biggest, most complex money-user in the world. I think that is a reasonable request from the American people. Lay out the whole plan in detail, build a giant groundswell of excite-

ment about it, and then quarter by quarter report exactly where we are and cut out all of the strange language of Washington, DC.

In other words, we spend and say that it is not spending. We tax and say it is not taxing. Let's just call a dog a dog, an elephant an elephant, and then that does tremendous things to rebuild the confidence of the American people, even if it is bad news.

Here is another one that will be controversial here. I don't think you will get the American people to agree on a tax increase unless you give them a balanced budget amendment for the tax increase that gives this Government the discipline to pay its bills and eliminate the debt. I know that is not comfortable to you. We will talk about it. I would be glad to discuss it if you want to.

Why do they feel that way? They feel that there is no discipline here and that puts discipline here. A lot of these balanced budget amendments leave loopholes everywhere, like Gramm/Rudman. They don't want any of those. They will leave one for military emergencies. What about other emergencies? Just raise taxes if it is that bad. But then we get to look at it and call a problem a problem and we pay a bill and call it a bill.

They want the President to have a line item veto. I know that is controversial with Congress, but there are a few reasons. Number one, there is a lot of pork. Number two, it gives him a chance to get rid of it. Number three, it gives us a chance to see if he does get rid of it.

The one thing I will promise you all is a program called Pork of the Month where we will get into this stuff as long as it lives so that it will not be dead and buried because our people across the country—and there are millions of them who have come together—feel very strongly that every single penny—and this is an important point. The people keep track of their pennies. They get really nervous when we round off to the nearest \$50 billion here in Washington, DC.

[Laughter.]

Mr. PEROT. They get really nervous. They want everything accounted for. They're not sure why we have a grant to examine the causes of cheating and rudeness on tennis courts. And they're not sure why we spend \$1 million to find out why people don't ride bicycles. They laugh when they see that and say, "The way our industries are being shipped overseas, pretty soon we will all be riding bicycles."

But the point is, that is not a good use of Government funds. The list goes on and on. You know that as well as I.

This is a sacred cow. I understand. We're talking about touching the sacred cow here, but all that funny stuff that happens in the middle of the night around the appropriations committees—if you want the American people to cough up and pay more taxes, just bring out the Orkin man and get rid of it. Anywhere, anytime, you want me and millions of others, let me know. We will support it.

They want to clean up the Federal election process and eliminate the Electoral College. They feel it is obsolete. There are many more items on the election process because we want to streamline it, we want it to be far less expensive for you to run for office, and we want it to be far more open than it is now, we don't want you to have to take PAC money. I have never met anybody who wanted

to, but you have to have the money to buy the television time and all that stuff.

In order for Congress to be able to tend to the business of our country, we must reduce the cost of campaigns and the time for campaigns. We must have a mechanism that allows Congress and the White House to listen to the people. Listen to the people.

Does that work? You show me everybody in this country that has made a lot of money from Sam Walton to Bill Gates to—you name it—when you go find out how they did it, they spent all their time listening to their customers and listening to the people who deal with the customers. My favorite example is Mr. Walton who used to stand in the aisles of his store while he was in between chemotherapy treatments for cancer—he had no business out there—listening, listening, listening to his customers and he became the richest man.

I think if we listen to our customers—if Washington, DC listens to the people—how do we get that done? We have to get rid of all the people that are around you now—that's what I call the special interests—and open up the channels to the people. There are many ways to do that. You can count on millions of people to really want to participate in that. The more details the better.

The people feel that their Government comes at them from Washington, DC and is manipulated and controlled by foreign lobbyists, domestic lobbyists, and other special interests. You may say that's not right. I think it is important for you to know how they feel. They want a Government that comes from them.

The people realize that in Congress we have 300 committees and subcommittees and the personal staff has grown from 12,000 in Congress to an additional 20,000 in support agencies. If you want to have an interesting drill, try to find out how many people totally work in Congress. I have seen that number bounce all over the place. The biggest number I have ever found is 37,000, and that was in 1990. If you had a company, you would know how many people worked for you.

We already know that the President didn't know how many people were on the White House staff, but let's defend him there. He was brand new. He asked somebody and they told him, but they gave him a phony number. You cannot count on the people to be supportive when they are given mush.

I don't want to just single this one out, but it is in the news and it is an easy one to deal with. If you're going to cut the staff 25 percent, but only cut pay 5 percent, just say so. Don't leave the illusion that you cut pay. I am not sure that anybody ever explained to the President that he didn't get a 25 percent cut in pay, too.

They are on a steep learning curve with the new team over there. We want to be patient and we want to be supportive. I don't like to use those examples, but that is one right there that created a very negative reaction across our country.

The highest priority is to lead by example to regain the trust and respect of the American people. The following advice should be the standard for this committee's work.

The budget should be balanced; the Treasury should be refilled; public debts should be reduced; and the arrogance of public officials should be controlled.

As some of you know, those are not my words. Those are the words of Cicero 2,000 years ago, but they are relevant today.

Our leaders in Washington, DC must provide strong, honest, open, effective leadership. They should not manipulate us with words we don't understand. The American people react very negatively to that. The American people cannot be expected to sacrifice and they are not going to be willing to pay the tax increase while their elected servants continue to live lives of far, far greater opulence than they. In this period of sacrifice, the strong feeling of grassroots America is the first rule of leadership—all sacrifice must start at the top.

Our elected officials must eliminate the perks and practices that have caused the people to lose confidence in Congress. And the White House is loaded with the same sorts of perks and practices.

We are so well informed that legislation which only creates images of correcting these ethical problems will not solve them. I know you won't disappoint the American people and I urge you to do it without political compromise. You can set a new standard for ethics in Government. Don't worry about getting the votes to get this bill passed in the House and the Senate. You give us a great bill, and we the people will see that it gets passed without compromise.

The people are out there. The reformers this time around are not like Tammany of Tammany Hall used to say, "Reformers are like morning glories, they wilt by noon."

A funny thing happened. They didn't wilt. Their numbers are growing and it is because, like you, they love this great country and they want to keep it intact, and they want to pass the dream onto their children. They are ready to go anywhere, anytime, and do incredible levels of sacrifice as long as it works.

Fairly or unfairly, the people across America feel that our Government and some of our Government officials are for sale. Other countries around the world share this view.

I hope this will get listened to inside the beltway. From the Japanese: "Influence in Washington is just like in Indonesia. It's for sale."

Our friends from Great Britain: "Washington's culture of influence for hire is uniquely open to domestic and foreign bidders. Its lawful ways of corrupting public policy are unrivaled in the world." That's a heck of a thing to be first and best at and to have our close friends, Great Britain, hang that label on us.

The Dutch are very succinct. "A big part of the problem is that so many Americans are for sale."

We can change that. You can change that in this committee. Everybody out there working for a living in grassroots America will be with you every step of the way. We have to get completely rid of foreign lobbyists.

You say, "Wait a minute, Ross. Can't we leave a little loophole?"

No. Let me just give you an example. To say that everybody that came on the President's staff has signed a pledge not to lobby for a foreign government is to totally miss a point. What does the pledge mean? Can you go to jail if you break your pledge?

The second thing—you will love this. The first guy that asked me about this was a truck driver that finished the 10th grade. He said,

"Ross, what percent of the money in foreign lobbying comes from foreign governments?"

I didn't know, so I called up to find out that it was 20 percent, while 80 percent of the money comes from foreign companies, foreign individuals, and the revolving door is still going at mach 4. That is not what the American people want. I am sure that is not what President Clinton wants. Again, with all the pressures on him, I can understand why he did not have the time, but somebody on his staff should have told him that they are leaving the gate 80 percent open. We have to shut it.

We must reduce the role of domestic lobbyists to that of only providing information. I read a great article where they said that their most important function was to bring Congress ideas. That's terrific. Keep them performing their most important function, but cut out directly or indirectly providing money, influence, trips—these prime time shows were devastating, showing Members of Congress going to Florida with lobbyists and so forth picking up big tabs.

One side of my head says, "That's the way life is here." Then when I see the staffers being wined and dined by foreign interests and being given trips to foreign countries and things like that, and then when I realize we had a former President who went over and got paid \$2 million for a couple of 20-minute speeches and got several million more dollars for his library—and we have all these wonderful, fine people serving us in Washington, DC who know that?

When the foreign interests come in and want something, are you going to stick your finger in their eye and say that it is not in America's best interest? Or are you going to say, well, I really don't want to have this guy angry at me because maybe somewhere out there something wonderful like this will happen to me. With any luck at all, at least I can leave my staff job for \$50,000 a year, become a foreign lobbyist for \$300,000 a year, take a leave of absence on the next presidential campaign, and have a key role in the campaign but get \$1 million going out the door so I don't hurt while I'm taking care of the President and the campaign. If he wins, my price in the marketplace just went through the roof.

I don't want to call anybody who is doing this anything except to say that it has evolved over a period of years. It looks normal inside the beltway, but once you get outside the beltway, it looks like Martians to the people. It does not look normal to the people.

So I urge all of you to resolve that when the work of this committee is done you will have placed large signs in front of the Congress, the White House, and every part of the Federal Government that read, "Not for sale at any price." I know that is your principle and I know that is the principle of everybody here. But we have let the train drift off the track. We have to get it back. We have to change the system.

We have good people in a bad system. Now we're back to what you're doing. You are changing the system. You can create a new Government that operates in the center of the field of ethical behavior—and I would urge that to be your goal—and not along the sidelines. The real test for everyone serving in Washington, DC should be simply not, Is it legal or illegal?—but simply, Is it right

or wrong? That will solve most of the problem. But right now, we have to put discipline in.

By the time you finish, even though you will have the total support of the people, you will have a lot of unhappy guys up here inside the beltway. There will be days when you will wonder if it is worth it.

As you go through it, compare the headaches you have to endure to those who founded our country. It is nothing. Compare it to those who fought on the battlefield. It is nothing. Go down and look at the names on the Vietnam Memorial. As you do, think of your sons and daughters. This is nothing. Then remember Churchill's shortest speech: "Never give in, never give in, never, never, never," and come on back and do it again.

Remember Lech Walesa? When they beat him up and threw him over the wall he was unconscious. He tells the story that when he woke up he wondered if he would ever see his wife and children again. Then before he knew it, he was back over on the other side of the wall fighting for what he believed was right. That's the spirit we need here in Washington, DC.

If all else fails, just come home and visit with your people. That will recharge your battery and you will know you are doing the right thing.

All of us feel that we elect fine people who come to Washington, DC to serve but are trapped inside a system that is flawed. The end result is that this flawed system produces gridlock and a \$4 trillion debt. The system must be changed if our Government is to function properly. A Washington Post editorial, which I have given to the committee, I would like you to take the time to read. "Mr. Smith Goes to Washington" sums it up. It talks about a young person who was running for Congress with stars in his eyes who came to Washington to get briefed on how to run. They basically said, look, boy, you just come over here and get your money and stay in line and you have to deliver for the guys who gave you the money.

Just read this article. How does the average citizen look on Washington, DC? Unfortunately, this is pretty close to the bull's eye.

I think the ability to get all these programs done effectively and to have the American people support them starts with reform. I don't believe you will get the support of the American people on these programs—I think it is fragile now—if everybody keeps doing the side-step on them. They need to be explained openly and directly. If we don't know the answer, then we need to say that we don't know the answer. If it is a tax, call it a tax.

As I understand it, you are voting on a bill this afternoon to extend unemployment benefits. That adds \$5.7 billion to our debt. Let's just call a snake a snake and say that we're going to have to eat \$5.7 billion. Let's not label it an emergency and just pretend that it went up there somewhere and that the American people won't have to eat it and pay it. They will take it if it is the right thing to do. Just call a spade a spade.

If you're going to add to the taxes of the upper income Social Security people, call it a tax. It is not a savings. It is a tax. It is a pure and simple addition to the taxes.

Finally, as you work through this challenge, never forget Theodore Roosevelt's words: "It's not the critic who counts. The credit belongs to the man who is actually in the arena who strives valiantly, who knows the great enthusiasms, the great devotions, who spends himself in a worthy cause, who, at the best, knows in the end, the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly."

God bless you all and may God give you guidance as you shape this great country's future. Our future, in my judgment, is in the palms of your hands. Good luck. Thank you.

[Applause.]

[The statement of Mr. Perot is printed in the Appendix:]

Chairman BOREN. Thank you very much.

I would like to ask our guests, since we are in a hearing—I understand your enthusiasm and we welcome you, but we should try to hold our demonstrations at a minimum so that we can proceed ahead with our business.

We are going to be operating under a time limit on our questions. Let me ask just two brief questions.

Senator REID. Mr. Chairman, what is the time limit?

Chairman BOREN. It is 5 minutes. We will operate the lights here.

I would like to ask two brief questions. One relates to lobbying reform, which you have discussed.

As you know, I have been working on a bill, S. 420, involved with the revolving door, people leaving Government and going to work—this covers not only foreign governments and foreign private businesses, but domestic private interests as well for the period of 5 years to go back and lobby members of the committee you had served on or an agency where you had served or 2 years lobbying at all.

How important is it, in your opinion, that we cover Congress as well? You mentioned that the President has started to apply some of those rules to the Executive Branch. How important is it that we make what he has done statutory and expand upon it so that the next President would be bound, not just this Administration? How important is it that we extend those rules to Members of Congress as well, in terms of our being able to leave our offices, and our staffs, especially those at the higher pay levels of the staff organization in Congress?

How important is it in your view that we apply those same rules to Congress and to congressional staff?

Mr. PEROT. It is very important. All leadership from example must start at the top. We can't ask other people to do what we won't do. I think if Congress sets that standard, in my perception—and I feel confident that I represent the feelings of millions of people across this country because I have spent so much time listening to them on this subject—is that the only thing a domestic lobbyist ought to be able to do is present his or her ideas to Congress.

They should not be the people who bring the money—directly or indirectly. They can't take anybody on trips. They can't do anything for anybody. But if they have something out there, they can come in and present it.

Percent plus is what they could do. But still the time delay should be built in. But when we talk about this time delay, in my mind it is just to bring ideas after the time delay and not to bring money.

I agree that it has to be enacted into law. I don't know what pledges mean. What if the person take the pledge and then breaks it? What is your recourse?

Chairman BOREN. So you're talking about statutory enactment with penalties and you think it should apply—

Mr. PEROT. Criminal penalties for foreign lobbying for all involved. Domestic lobbying should carry significant penalties. First of all, you can't do it, and then if you do do it within that time frame, there should be very serious penalties. If you are ever involved in trying to buy influence directly or indirectly, that should be criminal. Make it easy for everybody to shape up.

Keep in mind, hardly anybody went to jail on the savings and loan scandal. They all were given fines that they can't pay. You're reading that in the papers now.

Willy Sutton, if he were still alive, wouldn't be robbing banks. He would have had a savings and loan in the early 1980s and made several hundred millions. They used to say to rob banks because that's where the money is. That is where we left a giant hole and even the penalties were flawed. Then honest, hardworking people realized that if they did something big like that nothing happens.

Congress should really be above reproach in every way with the standards and ethics. You set your own standards and ethics. They ought to be absolutely airtight.

Chairman BOREN. But let me ask one other question.

Several of us on the committee and several of our witnesses have talked about the way our time is fractured here.

Mr. PEROT. I agree.

Chairman BOREN. You have spent a lot of time making decisions. How important is it in your view that we reduce the numbers of committees and subcommittees? Sometimes we will have 20 or 30 committees with overlapping jurisdiction on the same subject. We also serve, on the average, on 12 committees and subcommittees ourselves.

How important in your view, in terms of improving the legislative product, is the reduction of the number of committees and the reduction of the number we serve on so that we can better focus our attention here?

Mr. PEROT. Fundamentally, if you don't streamline it, if you don't downsize it, you will not be able to create a system that works. You can go all the way back to the early history of warfare in terms of span of control. That's what you're talking about here.

Chairman BOREN. Exactly.

Mr. PEROT. My dream is to come up here with nobody with a 3-by-5 card in his pocket figuring out where he has to be in 5 minutes. You all have schedules that would kill an elephant because of this. You can't zero in and concentrate. Then you have multiple committees—someone said 40 committees working on national defense. That needs to be streamlined. I would bring in people who really know how to do that and have them put together plans, have all of you who understand Congress critique those plans, have a

raging debate, and come up with a streamlined Congress for the 21st century. It would save us a fortune and kill the gridlock and things would move.

Chairman BOREN. Thank you.

Senator Domenici?

Senator DOMENICI. Thank you, Mr. Chairman.

Mr. Perot, again I thank you for your suggestions, and there were many. You challenged us to ask you a couple of questions, and I am going to do that in the two areas that you asked.

Some of us, in talking about America's future and economic prosperity, have a little bit of difficulty when we say that we need private sector jobs in order to truly cure the problems in our economy. Some immediately think that you're prejudiced in favor of business. Some will say, what is wrong with spending Federal money and creating jobs? I think you called those—

Mr. PEROT. Most of those are bubble jobs. You build a bridge and then the job is done. It needs to be done, but it's not like having a factory.

Senator DOMENICI. I guess I would like you, in your way, to share with us your thoughts about private sector jobs and business growth in America. I don't have any problems with it at all. If business isn't making money, they don't hire people. And if they don't hire people, we don't have jobs for our people.

So it is not very tough for me. I understand. But maybe it would help us if you would give us your observations on that versus Government-created jobs.

Mr. PEROT. Let's go back through history. Government does not have a good record at creating jobs. We look at the \$4 trillion spent and the results produced, and that is not a happy picture. If Government knew how to create jobs that really worked—hundreds of billions, even trillions, have been spent around programs that should have stimulated the private sector.

What is the problem? If you asked me to do brain surgery, number one that would be poor judgment, and number two I couldn't do it. If you asked me to represent you in court as a lawyer, I couldn't do it.

The current group inside the White House is a tremendously talented team. None of them ever created a job or built a business, to the best of my knowledge. That does not mean they are not world-class people, but since our number one problem in this country is creating jobs, I begged the new President to get some people in there around him who know how to make things work and create jobs. In other words, to create jobs, you have to deliver and make things work.

Secondly, we have an adversarial relationship between Government and business in our country. Our international competitors have a supportive relationship. If I could wave a wand and wish for something, I would wish that we had an intelligent supportive relationship and wanted to see our businesses grow. We hate big, successful businesses. That goes back to the Sherman Antitrust Act.

My saddest example is that IBM was the flagship electronic computer company of the world. We kept it under an antitrust consent decree for 25 or 30 years. We took an outfit that looked like the Delta Team when I was in it and gave everybody in there a perfect

excuse not to perform. The end result is that this great company is downsizing at a time when we need it to be growing. That is an example of what happens over time with an adversarial relation.

We have a brand new one going with Microsoft. This is a new company. It is in Washington State, a State that used to make a living off timber that is very lucky to have one of the industries of the future right there. We have now started to take the steps to put them under an antitrust consent decree.

Here is the interesting thing. Microsoft can go to India and hire engineers that are incredibly talented and creative for \$100 a month and by satellite pipe all the stuff back over here. It seems like we almost want to push industries overseas.

My sense is that nobody does that consciously, but we are so surrounded up here by people who are theoretical thinkers and philosophers in some of these positions, and they don't understand what they're doing. I don't think they meant to send 2 million jobs to Asia during the 1980s. I don't think they mean to be doing what they're about to be doing in this NAFTA agreement.

Hopefully, they were a little shocked when the Bank of Mexico came up with a joint venture deal to buy United States companies that had a high labor force and move them to Mexico before the deal even got signed where the workers would be working at \$1 an hour and you could sell the product at the same price and your profits go through the roof. The boys on Wall Street and the Mexican Bank would have made a fortune.

We have people with Ph.d.s in the White House that will say, "Ross, what did you just say?"

If they brought up a legal issue, I would say, "What did you just say?"

Do you see what I mean? But this is down-to-earth business that is killing our people and killing our tax base. Get an intelligent supportive relationship between Government. Stop this adversarial relationship. Pull these guys in and listen to them. If we're going to have a new program in our country—let's assume we have a problem with energy. We would say that we couldn't talk to anyone in the oil and gas business because that would be a conflict of interest. So we will get poets, philosophers, and beekeepers and let them make an energy policy for us, and then wonder why it doesn't work.

I am back to the fact that you would get the brain surgeon to do brain surgery. If we had an intelligent supportive relationship, we would be growing like our industrial competitors are growing.

Running the value of the dollar down is the oldest and saddest joke in our country. The yen is up, the dollar is down, we are trying to change our trade balance just so that it looks good. It has never worked. But guess what happens out there in grassroots America? The dollar buys less. A dollar in 1950 is 18 cents today.

We just have a lot of stuff to work on. We need to have a few people around at the top—and I am sure President Clinton knows them and I am sure he will bring them in, but the sooner the better—that can say that it will work or that it won't work and tell him why. As quick as he and all of you are and everybody wanting to do the right thing, we have to throw the switch and stop this adversarial relationship.

Senator DOMENICI. Thank you, Mr. Chairman.

Chairman BOREN. Senator Reid and then Senator Cohen.

Senator REID. Ross, I like you a lot. You have done some significant things to help the country, but in my opinion, if you will look at your statement, they want details and not sound bites. In your opening statement you gave us 45 minutes of sound bites and 5 minutes of material.

Mr. PEROT. What do you want details on?

Senator REID. It is easy to sit up here where you sit—you have lots of money and you go out and travel around, and you throw out these statements that are just not factual. The President doesn't have anybody who has created a job.

I don't know who works for him, but I know I have met his chief of staff who is from corporate America, just like you were, and I bet he has created a lot of jobs.

Mr. PEROT. In his cabinet.

Senator REID. This is the chief of staff.

Mr. PEROT. That's fine. You have one in the barrel. I hope you will listen to him.

What other errors did I make?

Senator REID. You talk about the budget agreement. I wasn't part of the budget summit and I am not sure that I liked everything in it, but I think you should get your facts down about the budget summit before you talk to these millions of people that you talk to.

Mr. PEROT. Terrific. What are they?

Senator REID. One of the most serious problems, you rightly point out, is the pervasive public mistrust and cynicism toward the Federal Government, especially with respect to the budget. I think, with all due respect, Ross, that maybe you have become so enthused about listening to the applause that you get as you wander around that you don't stop and talk about the facts enough.

You say that the people believe that the financial records either do not exist or are widely inaccurate. They are convinced that they are given misleading, distorted numbers by their elected servants.

That may be true on occasion. I don't doubt that. But we have been given some misleading information by you today. You go on to cite that the budget summit of 1990 is an example and that spending was increased \$1.83 for every \$1 in new taxes.

Everyone with familiarity with the facts knows that virtually every dime of the savings envisioned in that agreement was enacted either in the Omnibus Budget Reconciliation Act of 1990 or the 1990 Appropriation Act. I am not here, as I have indicated, to defend or impugn the specifics of the 1990 Act. But the record should be clear on actually what happened, even if the truth is inconvenient to some.

Here are the facts.

When enacted, OBRA reduced entitlement spending from existing policy by about \$75 billion over 5 years. That is a fact.

OBRA raised revenues by about \$166 billion over that same period of time. The 1991 Appropriations Act saved another \$190 billion. That is a total saved from existing policy as a result of that 1990 summit of \$431 billion.

It is true that in the interim the deficit picture has worsened. But this increase in the deficit is due almost entirely to the impact in changes in economic conditions, on entitlements, and other mandatory programs funded in permanent law.

Had it not been for the summit in 1990, we would be in tremendously difficult shape. We're in bad enough shape as it is. But don't impugn the 1990 budget agreement unless you give accurate facts.

So you have been giving a lot of advice here today to us. I again tell you—I listen to a lot of the advice that you give. But let me give you a little advice. I think that you should start checking with your facts a little more and stop listening to the applause as much.

Mr. PEROT. We check our facts very carefully.

Do you say that you did not increase spending \$1.83 for every \$1 in taxes you raised?

Senator REID. Spending increased.

Mr. PEROT. You admit that?

Senator REID. Sure.

Mr. PEROT. That was my point.

Senator REID. But the point is——

[Applause.]

Chairman BOREN. Let me ask our guests to refrain from demonstration.

Mr. PEROT. Please.

Chairman BOREN. You are our guests and the rules are that we will not have demonstrations.

Mr. PEROT. Secondly——

Senator REID. The real point, Ross, is that it is emphatically not the result of changes in the law in 1990. That is simply not true. That is what your statement says.

Mr. PEROT. May I reply?

Senator REID. Certainly.

Mr. PEROT. If you go back and look at what we were promised at the time in terms of the 5-year forecast if we did that, and you look at the gap between what the 5-year forecast was supposed to be and what it turned out to be, then you conclude that the people who were putting the plan together didn't have good numbers and didn't have good facts because in business that would have bankrupted our biggest company—that kind of mistake would have had that result.

These numbers fluctuate widely. Your OMB numbers and CBO numbers don't match. They are billions apart.

Is that a fair statement?

Senator REID. But, see——

Mr. PEROT. Yes or no, please, sir.

Senator REID. No. Again, you gave some misleading facts in your opening statement. You said that during the President's State of the Union message when he talked about CBO there was general applause.

Mr. PEROT. I said they laughed.

Senator REID. You said there was general laughter, which isn't true. There were some Republicans who laughed and the President came back and said that we were going to have one set of figures. We are going to deal from one set of figures and not two sets.

I think that is what we need to do. Rather than dealing with a number of different figures, let's start with one. That's what the President said he would do. I think that is a step in the right direction.

We will no longer——

Mr. PEROT. Will you concede that OMB's and CBO's numbers have big gaps between them?

Senator REID. And the President said he wouldn't use them.

Mr. PEROT. That's not the question. You're ducking my question. You're saying that the President said that he would use CBO numbers. I understand that and I agree with that.

I am watching on television and I can't tell who is laughing. All I know is that there was widespread laughter in the room.

The point being, am I or am I not right that the OMB numbers and the CBO numbers have a lot of discrepancies between them historically?

Senator REID. That is why the President said that he would not use them.

Mr. PEROT. Am I right or wrong?

Senator REID. Sure, and that's why——

Mr. PEROT. That is all I asked. I had a heck of a time getting an answer. Those are two different subjects.

Senator REID. In your mind, but not in the minds of the people. The people want one set of figures and they have them. They have CBO.

Mr. PEROT. It proves that you don't keep books. When I look at two sets of books, they ought to be almost similar and they aren't. There is a big gap between them. That's the point I am trying to make. If I didn't communicate well, I apologize.

Senator REID. Thank you, Mr. Chairman.

Chairman BOREN. Thank you very much.

I will state, so that those watching us understand, that in the past there has been a difference of figures. Usually the OMB figures have been more optimistic and more rosy in the scenario than the CBO figures. In other words, they have underestimated the deficit. I do think the President was trying to say that we ought to quit working off two sets of figures and we ought to have one set of figures that are real.

What the President was saying there is in keeping with what you have said today, that we need to have real figures and we need to try to work from a single set of figures so that we can measure our progress as we go along. I think that is what he was trying to say.

Mr. PEROT. We need accurate records. And the people feel strongly that we don't have them. If we are wrong, then we will be thrilled because if we're not wrong, it will cost a lot to create them.

Chairman BOREN. Let me turn now to Senator Cohen.

Senator COHEN. Thank you, Mr. Chairman.

Mr. Perot, I think it is clear that anyone who ever read David Stockman's book about how the OMB figures have been manipulated over the years would agree with your statement here today.

I was interested in your citation on pages 6 and 7 of your statement citing the Japanese Economic Journal with Japan saying that influence in Washington, DC is for sale. That comes as some-

thing of an irony coming out of Japan, I must tell you, as you open up the paper every day and find out how much is for sale in Japan.

In Britain, I might point out, they have a system in which they allow lawmakers to sit in their parliaments and then go out and continue their private sector jobs without any serious conflict of interest regulations being raised.

We have a problem in this country, but I always find it a little hard to take when some of our foreign friends start criticizing the United States as being corrupt when you only have to pick up the paper every day and see charges of corruption in their systems. We can correct ours, and I think that much in your statement is to be applauded.

But you also indicate that we ought to get completely rid of foreign lobbyists.

Mr. PEROT. Right.

Senator COHEN. How would you do that? For example, would you say that Americans who lobby—you would prohibit Americans from lobbying on behalf of foreign countries and companies?

Mr. PEROT. Again, I am not a lawyer, so we get a good lawyer to figure out how to do this and do it constitutionally. But my suggestion as a layman—we would obviously have to talk to lawyers—would be to prohibit any foreign individual or company from hiring Americans to lobby or directly or indirectly influence our Government.

We are back to money. If a foreign company has a problem in our country and they need to talk to Commerce or they need to talk to trade negotiators, there should be all sorts of avenues for them, but it shouldn't be by buying influence. One country spent \$400 million lobbying in 1988, more than the next 12 countries combined. And they had a good year.

[Laughter.]

Senator COHEN. Let me give you an example of some of the complexities we are going to run into in this regard.

Let's suppose a foreign country does business in an American State—let's take a Japanese company, for example, that makes Hondas in the United States—should we prohibit the president of the American subsidiary in the United States from being paid his salary to come and lobby Members of Congress, as they do? They come in and say, "Please, don't put up any restrictions on foreign imported automobiles. We have 200 employees and they are working."

Mr. PEROT. I understand.

Senator COHEN. So now we have a problem. We have allowed a foreign country to do business in the United States by creating a plant here, and then we hire Americans here to run the plants, even though the profits are going overseas, but they come in and lobby us as well. That gets into a real constitutional issue, so we have to deal with that issue as effectively as we can.

The other comment that struck me is truth in packaging. I watched you this morning on television as well and you said that we have to call a spade a spade. Sigmund Freud said, "Sometimes a cigar is just a cigar."

In this particular case, we talk about investment versus consumption. Let me ask you whether you think HeadStart is an investment or consumption.

Mr. PEROT. I would call it an expense. I am a strong proponent of early childhood development, but I would call it—philosophically, it would change the child's life. I have personally given huge amounts of money to programs like this, so we are on the same song sheet in terms of the long-term benefit to the child. But in terms if I were going to put it on the books, I would put it on the books as an expense.

Senator COHEN. Here is a problem we're going to get involved with in terms of trying to define this. I agree with you that we have to have a common definition of these items. HeadStart, the WIC program, immunizations, highways and bridges—would those be current consumptive types of expenditures or would those be investments in the future?

Mr. PEROT. Are we talking about how we put them on the books?

Senator COHEN. Right.

Mr. PEROT. Let's take them one at a time.

I said I would expense HeadStart because although there will be an enormous payoff down the road—I am involved in one little school where we have been taking the children from 3 to 9. Statistically, a huge percentage of these children would wind up in prison as adults and 90 percent are on the A honor roll when they go into the public schools when they are 10 years old. It has changed their lives.

So these are magnificent long-term things that can change society, but I think in terms of booking it, I would call it what it is. It is expense.

Senator COHEN. WIC?

Mr. PEROT. Again, that is conservative accounting. We are paying for it now.

Senator COHEN. Immunization?

Mr. PEROT. I would again—I certainly share the concern and feel it is a wonderful program. I would pay for it.

Senator COHEN. Highways and bridges?

Mr. PEROT. You could make a good argument to amortize.

Senator COHEN. That would be investment?

Mr. PEROT. Yes, because it has a useful life. It is like a factory. You can amortize it over a period of time. It is like an airplane that an airline buys that they amortize over a period of years. It is a tangible thing that you could legitimately consider amortizing.

But I would stick, particularly right now when we are in financial trouble, with very conservative accounting principles.

Senator COHEN. I agree that we have to have a common definition.

Mr. PEROT. But we have to define it, yes.

Senator COHEN. Thank you.

Chairman BOREN. Senator Kassebaum?

Senator KASSEBAUM. Thank you, Mr. Chairman.

Mr. Perot, I certainly join those who say that through the summer and fall you created a great awareness in the public of the importance of our budget, an understanding of it, why it should be important to every American to understand it better and be in-

volved. I think everyone will remember your saying that you would just like to get under the hood and fix it. Is that not correct?

Mr. PEROT. There are people who confuse talking about a problem with solving it. The point I was trying to make is that talk doesn't solve problems. We need to actually pick up a wrench and fix these things and make them work.

Senator KASSEBAUM. I thought it was a great line. But I would like to go through a couple of things. One of them may be following on what Senator Cohen was talking about, when you were talking about highways and bridges being part of a capital outlay budget.

Mr. PEROT. If I had to make this decision, I would bring in some good accountants and listen to them. Again, I am not an accountant. I would really listen to what is the sound accounting principle here. What is the conservative accounting principle? If you could make a good case for that in a conservative accounting principle, then that is one you could consider.

Senator KASSEBAUM. As you know, many States that have a balanced budget requirement also have a separate capital outlay budget and move many of their things over to a separate capital budget. That has been suggested here. I believe that if we had a constitutional amendment to balance the budget that we would very quickly find ways to develop some other budget structures so that we could show on the books that it would be balanced.

Mr. PEROT. So we better define what the budget is, I guess.

Senator KASSEBAUM. I think that would be very important. I would agree with you.

I then mention the line item veto, which I do support. I do not support a constitutional amendment to balance the budget because I think it is a bit misleading. I have said it is like happiness in a security blanket because it makes us feel better, but it really doesn't do what we have to do—vote new taxes and decrease spending.

Mr. PEROT. How do we impose discipline another way?

Senator KASSEBAUM. I don't know how that imposes discipline. I have always wondered what we would do if it weren't in balance. Would we go to jail? I don't know what the penalty is. I think we would find ways to do some creative budgeting.

If you have a suggestion of—I think the discipline has to come from our willingness, as we're struggling here to understand it and what we can do.

But just to mention line item veto for a moment, because I do support that, I wonder how many people—because I hear from a large number—don't understand it only applies to now about 40 percent of the budget. Almost 60 percent would not be covered by line item veto because it does not affect the entitlement programs and it doesn't touch the interest that we pay, which is the third largest item in the budget now.

So you still have a large part of the budget that is left out there, not that I don't think it would be well worth trying, but I think it is just important for people to realize that that doesn't solve all the problems.

Mr. PEROT. That takes us back to discipline, though, doesn't it?

Senator KASSEBAUM. That does. And it is a good way, certainly, for the President to exercise a little discipline over Congress as well.

Mr. PEROT. Excuse me, but you said that there were areas that the line item veto couldn't cover. Then we are back to this problem of how to discipline this tendency to spend.

Senator KASSEBAUM. That's right.

And part of it, I suppose, is the public understanding it. When you spoke to special interests—and I deeply resent the implication of other countries saying that America is for sale. I don't believe that is true for a minute. And I would just like to say that the largest influence on Congress comes from our constituents, whether Farm Bureau, members of AARP, the Chamber of Commerce—these are not people who give a lot of money to Congress, but they have a large membership. It is a membership that really carries a very strong message to each and every one of us.

So I think that has to be understood as we try to sort through whether these are special interests.

I am talking more than I am asking questions, but when you talked about shipping entire industries overseas, and the problems that we're having in our industries, we're facing a real tragedy that has certainly hit home in Wichita, Kansas with Boeing. About 7,000 Boeing workers just in Wichita are going to be released, but 75 percent of Boeing's business is overseas. So I don't think we can begin to cut off our markets, because we need to sell overseas as well, wouldn't you say?

Mr. PEROT. No. Nobody is proposing cutting off markets. On the other hand, if we had let that Northwest Airlines and USAir deal go through, we would have destroyed the airline industry, the carrier industry, and we would have destroyed the airline's manufacturing industry in this country. The only reason I bring that up now is that I think the only reason that occurred is that nobody around that transaction understood business. They all understood diplomatic negotiations and they had people on the presidential campaigns working in key staff positions from those airlines and so on and so forth.

In the hustle and bustle of the whole thing with the Prime Minister of Great Britain coming over to try to close the deal, we just almost lost our airline industry. Thank goodness, we didn't.

Senator KASSEBAUM. My time is up, but I would also add that I think what has undermined the airline industry more than anything else is airfare wars. That is completely ruining the industry.

Mr. PEROT. Absolutely, but now let's take the next step. That's the bankruptcy law. Once you go into bankruptcy as an airline, then you can destroy the remaining airline industry. We need a system that doesn't allow that to occur.

Senator KASSEBAUM. I would agree.

Mr. PEROT. It is not from the productive airlines, it is the airlines in bankruptcy that just do anything and are protected by the bankruptcy judge. We just let it go on. Why? Because so few people understand what is happening.

Senator KASSEBAUM. I agree with you there.

Mr. PEROT. I would be lost in the operating room during brain surgery, and we have all these problems like this. Can those prob-

lems be solved? Sure. Other countries have a great sensitivity in dealing with these problems.

I believe it goes back to the Sherman Antitrust laws. I believe it goes back to our inherent suspicion of big, successful companies. I believe that within the next 5 years we will be down on our knees praying to see a big, successful company in this country putting people to work.

So times change, and we have to change with the times. Let's assume that the Sherman Antitrust laws were relevant at the time. Let's ask ourselves if we need to change it based on today's circumstances.

Chairman BOREN. Thank you very much, Senator Kassebaum.

Senator Pryor?

Senator PRYOR. Thank you, Mr. Chairman.

Just if I might take 1 of my 5 minutes, Mr. Chairman, to clear the air and talk just a moment about someone whose name has been brought up, the chief of staff for the President of the United States, Mr. Mac McLarty, born only a very few miles from your home town, Hope, Arkansas. You're just a few miles down the road.

Mr. PEROT. That's right, 30 miles.

Senator PRYOR. I just want our colleagues to know here and you, Mr. Perot, if you were not aware of it, that thousands of people in our State today I would venture to say are employed today and have a gainful job and are paying taxes to the State and to the Federal Government because of Mac McLarty. He was a job creator. I just wanted the record to show that.

Mr. PEROT. That's terrific.

Senator PRYOR. All his life he has attempted to create jobs and provide a higher quality of life for his fellow citizens. He is a very, very unselfish and corporate-minded business person.

Mr. PEROT. He is a fine man.

Senator PRYOR. And I might say that he is a great admirer of yours.

President Clinton in December called on 300 business people to come to Little Rock in an economic summit.

Mr. PEROT. Right.

Senator PRYOR. He sat there for 2 days and not only listened, but he participated actively in that discussion.

Mr. PEROT. That's terrific.

Senator PRYOR. I thought this was a very constructive thing. Someone asked me the other day, "What is President Clinton going to do on his next vacation?"

I said, "He will probably convene another economic summit."

I don't know whether he is going to do that or not, but I know that he is desperately seeking out the advice and counsel of business, labor, and all segments of this economy. Many of the people that he has hired, Mr. Perot, and that he is dealing with now in his cabinet and staff are people who have actually been involved in one phase or another in business.

I want to now move to another subject. When you talked about the Pork of the Month—I don't know if you have seen this document. This was put out by our President after his State of the Union address. There are nine pages here of cuts, cuts in expendi-

tures of our Federal Government, eliminating some of the programs, about a \$200 billion cut over a 5-year period. Maybe we need to go deeper, and perhaps we do. And if we need to, I am willing to vote for those cuts.

But I would like to say relative to the pork, what is one person's pork is another person's investment. We have talked about investment with Senator Cohen just a few moments ago. For example, would your definition of pork be the Superconducting Super Collider, or the space station in Texas? Is that an investment or is that pork?

Mr. PEROT. Everything has to be looked at in terms of a priority list when you're out of money. All those things have to go on the list. Everything has to go on the list and the ones that—let's assume a rational analysis—make the top, you keep.

Under a political analysis, based on who is the chairman of what, I would call that pork. If the man has the muscle and can keep something that is worthless around, that is pork. But if you could have a rational analysis of what we need for our country's future, you just take it on a rational basis. When money is short you work from the top down and a lot of things get cut. Some of them might not even be pork, but you are just out of money.

Senator PRYOR. Mr. Perot, the ladies and gentlemen here at this table this afternoon spend a great deal of our time conscientiously attempting to separate what might be investment from pork. Many times—I must say, far too many—some of these projects slip through that I think you have talked about and you call them pork. We are constantly trying to use oversight to keep that from happening. Sometimes we fail.

But I think that when we talk about pork, we have to realize that sometimes it is very hard to define, especially if that pork is in our home State. This is something that we constantly deal with and constantly attempt to define.

My time is out. I wanted to talk to you about health care, but I am not going to have time to do it.

Chairman BOREN. Let me say that we will have another round of questions, if there are members who still want to ask questions. If Mr. Perot's time allows, we will allow some more questions.

Thank you, Senator Pryor, for your comments.

I want to associate myself with your remarks about Mr. McLarty whose company also operates in Oklahoma. He has been a very good corporate leader and corporate citizen.

I will say to our witness, I think he will give some very solid, practical business advice to the President. Perhaps that is the most important place to have it, in the position of chief of staff. I think we are fortunate to have him.

Mr. PEROT. He is a fine man. I regret that anything came up where everybody felt that they had to fall on their sword to defend him. We are fortunate to have him in our Government. But what I was trying to convey was that what we need is people who have had to fix things and make them work and—understand when you get into these big complex systems like health care, Senator Pryor, putting that health care system together you had better have people around that thing that know how to make things work.

If I could make one suggestion from a great distance, whatever you do, no matter how excited you are about it, pilot it. You wouldn't build a new car and not put it out on the test track and pilot it before you mass produced it. Pilot it, debug it, and then if everything works as planned—and by the time you debug it, it ought to work better than planned—then mass produce from a successful, working model.

That is just manufacturing and making things work, but when we did Medicare and Medicaid, we went from hot idea to mass production to a couple of years of pure trauma.

Don't try to micro-manage these giant programs from the Congress by detailed legislation. Trust the people who have the responsibility for running them. Let them improve them on a day-to-day basis. I think if you pull the people who run Medicare and Medicaid in a room and say, "How many ideas do you have that would have made Medicare and Medicaid far more successful if you could have done it?" you would be stunned by all the things that they just couldn't do because it was frozen by law.

If you ever want to understand their frustration, do some task and write down in advance how you're going to do it, and then force yourself not to change from your original plan. You will go crazy because you will have 1,000 good ideas as you do it. If we can let that new program be dynamic—I hear periodically that we're going to copy the German program. I beg you to study the German program. If it is the best program in the world, start with it and then say that anything that is working can be improved upon. Don't copy it. Let's modify it and improve it, then pilot it.

I would even suggest that you do two or three. I have a strong suspicion that what works best in small towns and rural areas will not be what works best in New York City and Chicago. You will have several different programs that come out of this that really work well.

You have one just terrible burden in this thing, if you look at your forecast, and that is that the savings you hope to achieve in this new program, and add 30 million people—I would really put that one under a microscope. I don't care how beautiful this new program is, you drop 30 million new people not covered by health care and it is going to be tough to even stabilize it. Then you have all kinds of unanticipated adverse side effects when you do a new program.

Why would I like to see a whole bunch of guys around with grease under their fingernails? So that when all these incredibly bright creative conceptual people finish, somebody goes out—you see, most architects couldn't build a house if their life depended on it. Carpenters can. That's really what I am trying to say. We need people that really know how to make it work for the people because we can't afford the misfires we routinely have on virtually all of our big, social programs.

With stars in our eyes, we put in the war on poverty. In retrospect—and you may disagree with me—I think our principal problem in the war on poverty is that in the social fields we never trained any generals. We trained people to help one another one-on-one. We didn't have anybody to run that giant program. And we never got all the benefits to the poor that we wanted to. Now over

time we have started to train people in executive, leadership, and management positions to run these giant programs.

Chairman BOREN. Thank you.

Ms. Holmes Norton?

Ms. NORTON. Thank you, Mr. Chairman.

Mr. Perot, your concern to fix things and make them work is classic Americana, classic American pragmatism, and that is why it has such appeal. I would like to simply probe a little deeper your views on fixing Congress and making it work. You have raised a great many important issues this afternoon. You might even be surprised to learn that some of them have managed to make their way to the front burner of some committees in the House and the Senate.

This committee on the Organization of Congress has a special interest in some of the issues you have raised in particular. As you know, this committee was formed essentially to respond to the concern in the Congress about gridlock, the concern in the country about gridlock, even the cynicism in the country about the way Congress does its business, about its not being able to get to its business and when it does its business all kinds of obstruction—the kind of fixing it and making it work just doesn't happen often enough for most Americans.

I would like to paraphrase a list of the areas that this committee has picked out for its special concerns and I would like to ask you which two or three grab you and which would be at the top of your list and perhaps the list of those who look to you for guidance.

The ethics process and institutional integrity; the budget process, including the authorization and appropriations process; the committee system, its structure, its jurisdiction; deliberations scheduling; staffing the Congress; relations between the two Houses, the three Branches, and the parties; enhancing public understanding of the Congress institutionally; and communications and information technology and their uses in the lawmaking process.

I would be most interested in whether there are a couple or three of those which you think more important than the rest.

Mr. PEROT. Standing out all alone is ethics and integrity because this gives you the trust and respect of the American people. That is something that carries the highest priority in my judgment.

As I said earlier, I think we have wonderful people come into this system, but I think once you are in the system, because the system is flawed, it is hard for the people to accomplish their objectives.

I would like to see ethics and integrity number one. Number two would be a careful look at reorganizing the Congress so that the work flows more smoothly. As I mentioned earlier, the span of control—you can go back to some of the earliest examples of systems getting out of control going back several thousand years where military systems that got too big got out of control and generals couldn't control the armies and what have you.

Then they developed their span of control theories. That is where the platoon and the company and all those things originally came from. That is why platoons have squads. That is why squads have squad leaders and so on and so forth.

Then one of the disadvantages—that is just the military type organization. But there is a proper organization for Congress.

I think I can say that I am certain we don't have it now because if we had it the business would flow more smoothly. Business tends not to flow. One of the big problems I think is that you are involved in so many activities it is tough to focus on a few. I would put that as job one, after integrity.

Then the whole process of spending the money has to go at the top because we are running out. There is this assumption that we are so rich and so great and such a rapidly growing - - we were a small population, huge land mass country. Every time we ran into trouble, the word went out to go west. We left our problems behind and headed west.

We have hit the Pacific now. We have a big population on the west coast. We have to make everything work where it is. We can't leave it behind anymore.

We have very creatively gone through our minerals, our natural resources, et cetera, et cetera. We have to live by our brains and wits now. And with the \$4 trillion debt, the imploding job base, and the lowering of the American standard of living, which gives us a lower tax base at a time when we need a higher tax base, every dollar needs to be doled out like water in the desert. We tend to assume that there is always a lot of money, we will spend it and work it out. There are no restrictions.

That is what I call the after-World-War-II-mentality. When the rest of the world was destroyed, our manufacturing base was intact and we shipped stuff everywhere all the time. When people in my age group got out of college—this brings us right down to the harsh realities of why we are here. It was just a question of where I wanted to go to work in 1957, not if I could get a job. Now people far brighter than I, people from Harvard Business School, MIT, and places like that have trouble getting a job. That is how much things have changed.

We have to accept that change—not go through denial or continue in denial—and say, “Here is where we are. Here is our debt, here is our problem, here is what we must do to fix it.” And every step of the way, as we go across the desert running out of water, we have to be sure-footed, careful, and certain that what we're doing is going to benefit our country long-term. We can't just throw money at every whim that comes by, which is an American tradition.

We have had this growing small population, giant land mass, minerals, and something always came along and bailed us out. I believe that we will have to bail ourselves out from this point forward.

Look at the industries of the future.

I know you are tired of me and I need to go, but I have to cover that because this is tomorrow. In microelectronics, 19 out of 20 integrated circuits are made in Japan. Jack Kelby, the man who holds the basic patent, is a man I see every 2 or 3 weeks. He is still alive and well. We gave that industry away and in 3 minutes I can tell you how we did it, and even if you have never had any business experience, you would say that nobody was that dumb. We were. We gave it away.

The Japanese brag that they, not we, hold the balance of world power because only they can produce the integrated circuits that guarantee the precision of our intercontinental ballistic missiles. Okay.

With biotech, we lead the world now, but we don't have any copyright and we don't have any patent. It is precious and fragile. We have an FDA that just stands there frozen. It is a gridlock bureaucracy that makes it terribly difficult to do business in this country. In a true global economy everybody would be doing medical research overseas so that you could get your drug in the marketplace.

For example, there are places in Asia where drugs you can't get approved for dogs and cats they will try on human beings. If you just want to make money, where are you going to do your research and development? I am not saying we should copy that, but I am just showing you the extremes.

In telecommunications, again, we assume that is our birthright. It is no longer our birthright. We have to fight for it every step of the way in the world of global communications.

In civilian aviation—in Wichita, Kansas did you ever think you would see Cessna in the situation it is in? That is lawyers. You can't buy a little airplane anymore now. Let's assume that I take three lessons and run off the end of the runway. I'm going to sue Cessna. In America I would probably get \$10 million, even though the problem is that I didn't learn to fly. That's the little ones.

When you go into the big ones, we have this great aviation industry here today, but if we don't treat it like a piece of fragile china, we can lose it in the next 5 years because around the world—let's just take Taiwan. Taiwan has a plan. We don't have a plan. Taiwan has a plan to get in the aircraft industry, and don't ever underestimate Taiwan when you consider that they walked out of China with nothing but the clothes on their backs and they are driving Rolls Royces today.

With computers, I have already talked about IBM. Don't assume we have a birthright on the computer industry. I talked about Microsoft. Microsoft's counterpart can be in India or Asia. The country with the best school system in the world will do software in a few years in most of the high-tech companies.

And finally with robotics, if you really want to see something that will break your heart, go out to our big manufacturers, walk through their factories, and look at their machinery and look at their robotics. Go to Detroit, which used to be the automobile capital of the world. Toyota City is the automobile capital of the world. Every time you think of that, remember that Mr. Toyota was kept as a war criminal until 1951 on the island of Hokkaido and Toyota was bankrupt. Now it is the number three car-maker of the world.

Most of that equipment that makes our cars is made in Japan because they took our machine tool industry down. They took the huge part of our robotics industry down. Again, they did it like they did the integrated circuit business and everybody up here in Washington, DC was up here just cheering them on, or ignoring it—one of the two.

Look, that is where the taxes come from. That is where the good taxes come from. These things are literally like precious, fragile

china that we have to carry forward into the future so that our people have the standard of living we want them to have, our children have the opportunities we had, and we can have a tax base that allows us to get out of this whole mess.

Chairman BOREN. I want to move us along because we do have Members of the House who have come over. They were voting earlier and I want to give them a chance to have a round of questions. I am going to try to move us along as quickly as I can.

Senator Craig?

Senator CRAIG. Mr. Chairman, let me thank you for an opportunity to come by and listen to Mr. Perot. I am not a member of this committee, but I applaud you in the effort that is underway. I hope that we will all be beneficiaries of the reform that will be a product of this committee.

Mr. Perot, you and I may differ on some things and we will probably agree on a good many others. But there is one thing that we do agree on, and that is a balanced budget amendment to our constitution.

I have been a Member of either the House or the Senate for a total of 13 years. I came in 1980. By 1983 I was absolutely convinced that if we did not in a structural way change the way we were doing business here, under a Republican or a Democrat Administration, that we would end up in a great deal of trouble. I felt that a way to accomplish that was to force a new discipline through a constitutional requirement. I still believe that today.

What I am about to suggest to you is that there is a ready group of Members of the House and Senate, in a bipartisan mode, that agree with you on a constitutional requirement for a balanced budget. I was disappointed recently when our President walked away from that issue saying, "But it would take 5, 6, or 7 years to get there, and that is too long."

I disagree with that. It is going to take a while to get there. You can't get there overnight because you can't either cut that much or raise that much in pure dollars without creating some degree of economic calamity in this country. I think most of us who have worked on this issue for nearly a decade now to refine it and build a ready force of volunteers across the country to advocate it would agree with that. But we need to start, and that start creates an environment which in turn creates a discipline amongst all of us for that purpose.

My question is not a question. It is a comment, but I have for you a packet of information on the effort to date here in Congress. I am pleased to see your organization seeking to lead on that issue. Let me ask you to join forces with those of us here to strengthen that effort. I think it is something that we can do. Then we can move ourselves to it. I don't care whether it is the Clinton plan that gets us there, or if it is the Perot plan, or the Craig plan, or any plan amongst the group of us here.

Mr. PEROT. Getting there is everything.

Senator CRAIG. But the bottom line is that there is a bipartisan group here—Democrat and Republican alike—who believe that that will create the structural change. We don't fear that change. We know it will cause us to rethink our processes, but we hope it will produce the desired results.

I will leave you that package of information.

Mr. PEROT. Thank you.

Senator CRAIG. I would ask your indulgence in reading it.

Mr. PEROT. We will read it.

I haven't mentioned this to you. Across the country all the people involved in our movement feel very strongly about this. As you know, there are approximately 29 or 30 States who have called for constitutional convention. You need 34 to have one. Our people feel that without even really putting on athletic gear they could get the other four. But they also feel strongly that the best way to do it and the most effective way to do it is for Congress to do it.

I think Senator Kassebaum raised the issue that we need language that everybody could be comfortable with. All of our people would be very sensitive about that language because we want it to work and we don't want it to have any unanticipated bad effects and so forth.

Senator CRAIG. Mr. Perot, I have that language for you.

Mr. PEROT. Terrific.

Senator CRAIG. It is created by Republicans and Democrats alike.

Mr. PEROT. If everybody is on board, let's do it.

Senator CRAIG. Let me also suggest to you that there have been a good many of us who have gone to State Legislatures across the country to argue that issue. Let me also suggest that not only ought you to have athletic shoes on, but you had better be ready to run the marathon.

Mr. PEROT. No problem there.

But the point is that the place to do it is here. One suggestion to the President and his concerns—and they are legitimate concerns—is that we could pass a law identical to the amendment until you got the amendment passed. Can't you do that?

Senator CRAIG. Well, we have passed—

Mr. PEROT. If we all were really excited, we could have a law to hold things steady until you got the amendment, couldn't you? Or do you have to have the amendment first?

We have Gramm/Rudman and things like that which didn't work, see.

Senator CRAIG. Mr. Perot, we have passed three balanced budget amendments in the last decade and a half, and you know what the deficit is.

Mr. PEROT. Right.

Chairman BOREN. Let me turn now to Senator Stevens.

Senator STEVENS. Thank you very much, Mr. Chairman.

Mr. Perot, it is nice to see you again. It's too bad they didn't listen to you about the Post Office. I remember our discussions on that.

I was interested with your statement to leave Washington, DC for a few days, go home, visit with the people, and they will give you new strength.

We're talking here about the organization of Congress. I remember my good friend Howard Baker used to say that we ought to be citizen legislators. He recalled the time when Congress went home after just being here a few months. We see all these suggestions for term limitations and for so many other things. What would you

think about just a time limit on each session of Congress so people came here, got their work done, and then went home?

Mr. PEROT. I think that is a really interesting idea. My problem in reacting to it is that I would want to circle that about six times, talk to a whole cross-section of people in Congress, have people tell me what is wrong with it, and really think about it. You might say that I am a pretty careful guy, but we are talking about the most precious institution in the world right here.

I love the idea. The question is, Is there anything I am missing? I would want to make sure that I had every side effect of it. Then I would react to it.

Sorry to hedge.

Senator STEVENS. I understand hedging. Unquestionably there would be problems of special sessions and emergencies. We spend a lot of time going back and forth after we get here.

We have been here since the 2nd of March and we really haven't done much yet except go home three times. I have been home three times since we came in January. Maybe some of these people have been home more, but it doesn't take them 12 hours each way.

When you look at it, I think we would be better off to set a time limit, work 5 or 6 days a week, and go home by July 4th. I would love to see that.

Mr. PEROT. I think that would be wonderful to do that. Again, that is going to take a new organization. That is going to take a lot of discipline to move the projects along that way.

The exciting thing is when you look back in history and you look at staffs. One of the problems here, which we haven't discussed, is that you have somewhere around 30,000 people all working hard and all wonderful people, but every big company in the world that I have ever been around that got in trouble got in trouble because they had so many staff people. They got distanced between the field and the top.

I think if you look back in our country's history, George Washington had no staff. He didn't even have a secretary. He wrote his own letters. We got all the way up to after the Civil War and finally Congress said that General Grant could have five people.

FDR fought and won World War II with 200 White House staffers. I think we can all agree that that undertaking is far more complex and far more serious than what we're discussing here today.

Lean organizations function a whole lot better than giant bureaucracies—for lack of a better word. As you think this through in terms of reorganizing, I would suggest streamlining, as you have proposed, and really slimming the whole place down.

Look at these giant corporations. Did you ever think Sears would have to downsize? They originally had the catalog idea, and they happened to drop it. Then you say, Is the catalog idea obsolete? If you're like I am, you go home every night and there is a stack of catalogs. When I was a boy, there was only one once a year, and that was the Sears catalog. The catalog business is flourishing, the 2-inch thick telephone catalog business is dead, and the founders of the catalog business couldn't figure that out.

Now printing companies—you read this story in the Wall Street Journal. If you haven't had a chance to read that story, read it

today. It shows the ripple effect of these big companies downsizing. You need to crank that into your thinking.

As they go, the printing company that did the catalog closed its door. IBM suppliers will be shrinking down. Detroit suppliers have shrunk down. And the list goes on and on. In corporate America, they had to do it, and there is a ripple effect. I don't know what the ripple effect in the beltway will be.

But as you get into that, you won't want to do it because you're human, you're warm, and you have concern for other people, but you have to take that next step and say, Whose money am I spending? When you see that farmer out there plowing, that is his money. When you see that guy up on the lines, that is his money. You know that. I think you have to be very sensitive. Every penny is precious to them.

Senator STEVENS. And one more question. I appreciate what you're saying.

You mentioned the cost of political campaigns so that they don't have to spend so much time and energy raising money.

Mr. PEROT. Right.

Senator STEVENS. I don't think there is a one of us who would disagree with that.

I don't think I have heard you take a position on whether we should have Federal taxpayers' money paying for political campaigns.

Mr. PEROT. Number one, can we agree that we could shorten the length of campaigns?

Senator STEVENS. I think we should.

Mr. PEROT. I think that would be good for everybody's health because for a time that is a marathon in terms of the length of the campaign. God bless the people in the House of Representatives. Every 2 years they have to go back again. That will cut the cost right there.

Number two—

Senator STEVENS. What about Federal financing? Do you want to use taxpayers' money to pay for Federal campaigns?

Mr. PEROT. Let me give you an unorthodox idea. Where does most of the money go? It goes for television time. Is that a fair statement?

Senator STEVENS. Not really. It goes to advertising.

Mr. PEROT. That's what I mean.

Senator STEVENS. Direct mail.

Mr. PEROT. There are all these things that everybody kind of takes as gospel for the way you have to campaign, like direct mail, so on and so forth. I think with today's technology we can dramatically change how you campaign, the cost-effectiveness of campaigning. I find it fascinating that the air waves belong to the American people. Is that still true? We didn't sell them to the Japanese or anything, did we?

[Laughter.]

Mr. PEROT. What do we charge a local television station to have the right to control the air waves in their area? Do we charge them anything? It is nothing compared to what it is worth. A few years ago their net profits were in the 40 and 50 percent level, which is pretty unique.

When we have grazing land out west, maybe we don't charge enough, but we charge something. If we let people cut timber on Federal land, we charge something. It is just an interesting phenomena.

This is really an unorthodox idea, but why don't we suggest that maybe we have time made available for political campaigns with each candidate getting equal time since in fact the airways do belong to the people and nobody has ever charged a penny for them? It is a thought.

Let me say this—I wished I owned a television station because they make a lot of money—but if I am making 40 or 50 percent profits, and my options are to give a little time for people on campaigns and that means I will only make 30 percent, that is an easy decision for me to make. I will wine. I will lobby. I will do all the things people do in our system, but when the dust clears, I have a gold mine here and I won't have anything unless I can use the people's air waves.

All these frequencies and everything that we control are worth a mint. We have a history—do we charge for radio frequencies? Do cellular phones pay for a frequency charge? There are some ponies out there.

People write me interesting letters. Someone brought that up the other day. That is not my idea. That came to me from a person who wrote a letter in longhand, but I think it has merit in terms of being able to get the television time. I believe we can raise a lot of money in small amounts from people once we connect the people back into the political process. In all candor, I think we have left them out because there is so much big money here.

If this article, Mr. Smith Goes to Washington, is accurate, we actually teach new candidates not to waste time raising money at home and to come to Washington, DC and get it here because it is more organized and a more cost-effective way to do it. I think it would be really healthy to have everybody kicking in small amounts in large numbers.

For whatever it is worth, we started a program where people who want to participate in our organization pay \$15 in annual dues. It is staggering how many people want to participate and pay \$15. That is really a small amount of money, but it is a very healthy thing. They are funding all of this now on their own.

What are they funding? We will have our first television program and it will be on Government reform on March 21st. Our objective is to stimulate thinking across America on this subject and to build a consensus on this subject and to let the elected leaders see that the American people would just adore having it done right. Ordinary people will be paying for that. I will pay for the first one because I have all their money in the bank gathering interest until I am sure that we are organized nationally and that this is going to work because I don't want to use a penny of their money until it makes sense that this is good for the country.

Then the final step—everybody up here worries, who are these strange people? One party called us crazy. At that point, millions of people made signs that said, "We may be crazy, but we're not stupid." But the point is, they are still wondering, who are these people and what are they really up to?

If you will ever send your people to attend our meetings across the country when we organize—and you folks are welcome—you will hear it explained that we come together to help rebuild our country and that we want to be looked upon when we are 2 or 3 years old like the Salvation Army. We have no ego trips. We don't have anybody who wants anything except a great country and a better life for our children.

Everybody who understands politics says that that is silly idealism. Let's see. If it's not, it will be a good thing, it will stand the test of time, and it will help get complex programs like this done. It is worth a try.

Chairman BOREN. I have five more members and I would like to call on them.

Next is our co-chair, Chairman Hamilton, from the House side. Let me say he has provided exceptional leadership to this committee. And as I indicated in the beginning, our House colleagues are at the end of this list not for lack of interest but because they were called over to the House for six back-to-back votes.

Chairman Hamilton?

Mr. HAMILTON. Thank you very much, Mr. Chairman.

Mr. Perot, thank you for coming. It is a pleasure to have the opportunity to hear you.

I used to ask people in Indiana during the election last year who were planning to vote for you, why are you going to vote for Ross Perot?

The answer that came back most frequently was, I think he is a person of good common sense.

I am not sure what that says about the other politicians in the country, but in their perception of you, they saw you as a person with good common sense. I would like to try to get a view of what a person of good common sense has of this institution, the Congress.

This is a committee that is set up to deal with the organization of the Congress. We're not going to be dealing with budget balancing amendments, health care, and line item vetoes, taxes, and spending. That is going to be done by other committees. We're going to be doing things with process, organization, and structure.

In responding to a question a moment ago, you were asked, what is the most important thing about this institution that needs to be changed? You put at the top of the list ethics.

I would like to ask you, how do you perceive this institution? Why do you put that at the top of the list? Do you believe that most of us here are crooks? Do you believe that most of us are dishonest? Do you believe that most of us in this institution are untrustworthy?

I don't want to speak in personal terms about anybody, but I am very curious as to why you put ethics at the top. Are we really that bad in terms of the American people's judgment?

Mr. PEROT. I am sorry that you weren't here earlier because I have said again and again that I consider that we have wonderful people come to Washington, DC.

Mr. HAMILTON. Why do you put ethics at the very top?

Mr. PEROT. I would put that at the very top if we were talking about the business of the church or if we were talking about the business of my company. If we were talking about anything where

a group of people come together, I would consider ethics number one. Certainly, I really regret that you of all people would feel even a hint that I might think that.

You asked me first how I feel about this institution. First, I love this country and I love this institution. If I didn't, I wouldn't have gone through what I went through last year and I wouldn't have spent the money that I spent because I had no desire to do anything except see these problems solved and see the next generation have the opportunities that all of us have had.

Mr. HAMILTON. What do we need to do in the area of ethics to improve the public perception?

Mr. PEROT. I think a lot of it has to do with the foreign lobbying, the domestic lobbying, the trips—these things that in my business I would not permit.

For example, if I had a supplier that wanted to take my people to Florida to play tennis, we would stop doing business with that supplier because we would say that that guy is a crook.

I understand that if I was in an environment for a number of years where that was the way business was done, I might look at it very differently. But I am saying that out there in Heartland America, nobody is taking the average guy anywhere. He feels that he may be being taken to the cleaners, tax-wise, by his Government. He loves his country. The good news is that everybody is an old Boy Scout and old Girl Scout as far as this country is concerned and their dream of this country, and when they see anything other than the highest standards which we were taught as children, they feel they need to be corrected.

I would put ethics as number one in anything I was involved with.

Mr. HAMILTON. Do you think the American people—how would they describe the United States Congress? Bloated? Inefficient? Dishonest?

What kind of adjectives do you think they would apply to the United States Congress today?

Mr. PEROT. Candidly, they feel that it is not responsive to the people and is responsive to the special interests. I spend a lot of time explaining how and why that happens. One of the reasons is that a lot of people are not that active on a day-to-day basis. They go home after the election and don't do anything until the next time they vote.

The thing you will be so pleased about is that all these people who have come together and organized—their first reaction is, why don't we clean up the school board? I say that is terrific, just to do it carefully and well.

Then in the Texas Senate race they say, Why don't we create forums for all the candidates so that everybody gets exposure and use the fact that we can produce crowds of thousands of people and turn the forum over to them and work with them? We met last week with every candidate. That is what is out there in grassroots America.

Then they look at Washington, DC and they say—we sent them our money, they didn't produce results, we have the debt, we don't have the results, we don't have the benefit, and we get funny talk we don't understand. This is what I call Washington language. A

debt is a debt out in grassroots America. Here it takes on many different sizes, shapes, and dimensions. That gets people very nervous, particularly when they know they're going to get hit with a tax increase.

But do they inherently want to love this institution? Yes. Do they now? No. The tax and budget summit really hurt, the savings and loan situation really hurt, the bouncing checks were brutal. You say that that is so small. Yes, but again, they can relate to that. They can't bounce a check.

These are little things, but it is the combination of all of them.

If you fix it, they will be thrilled. This is one that can be done quickly and well and will be the engine that drives all these other programs that need to happen. There will be an act of faith on a lot of these things as we start down the path where you are going to spend now and maybe get benefits later. They need to have faith in you as you do it.

Mr. HAMILTON. Thank you.

Chairman BOREN. Ms. Dunn?

Ms. DUNN. Thank you very much, Mr. Chairman.

Mr. Perot, thank you for being here. I think those whom you are talking with right now really are among the vanguard of people that want to make some sort of substantive change. For that reason alone, it is important for us to hear what you have to say. We all listened a lot during the campaign and I am glad you are here.

I will thank you for what I understand were kind remarks about Microsoft. My district in Washington State is where a lot of Microsoft people live. We are proud of that company. I, too, believe that we have to help our healthy companies and not tear them apart.

You said that we would have a lot of unhappy people if we did the right thing. I would love to have you with me some time at the committee that takes a look at committee budgets. That is one I am serving on right now. I think you would be amazed at reactions I have seen. When representing the Republican freshman class, we have asked for a 25 percent cutback in committee budgets. There aren't a lot of happy people after I finish my speech. I wonder if you would like to go with me to the next hearing.

[Laughter.]

Mr. PEROT. Certainly. If I were there and they asked me, why do you think we should do this? I would say because we have to go up the river and see where the money comes from. You have to go out and realize that a person working third shift cleaning the factory floor in the middle of the night is sending money in here. All of these bright, talented young people going to our finest schools—particularly the State schools—a huge part of their tuition is paid by those same people. We have an enormous obligation not to waste their money.

They say that they are creating jobs here in Washington, but this is not our purpose. Our purpose is to spend the people's money carefully. I know you all agree with that.

The next question is, how do we do it? How do we fix it? This is part of the pain of streamlining and reorganizing. Organizations never change during periods of comfort. It is only when things get off the track that we react. The great companies anticipate it. Most

companies wait until there is a problem and they fix it. We have waited until there was a problem.

Now there is enough pain that I think we can fix it easily. But then in short intervals of time we ought to come back to the table while things are still working. Never be comfortable with this thing because we can always make it better. Stay restless as far as improving it. We will have to make a big change now, and then we will make 1,000 little changes if we operate that way.

Ms. DUNN. I think the people of our country expect those of us who know this system best to start looking into ways where we can really make change. I think also most of us agree that the Government should make the cuts before they ask the people to pay for increased taxes.

I want to let you know that I agree, along with a lot of my colleagues who are freshmen on the Republican side, with your ideas for the line item veto and the balanced budget amendment. We think those are important disciplines to bring into the process.

But one thing we were struck with in all our conversations was the unfairness of several things that are happening now, at least on the House side of the Congress. One of those is the unfair staffing proportions. A second is our inability to have our Republican amendments discussed on the Floor.

I wonder if you have any perspective on that, whether we should pay more attention to that. How can we create more fairness? That was one of the major elements in your campaign and I think it is one we would agree with.

Mr. PEROT. Anytime I have ever had a problem like that we would all just get into the room. If I could have one wish, I would have the President get the leaders of the Republican and Democrat parties and ask if it is good for the country. Let's assume that everything you say is exactly what is happening. Shouldn't the Republicans be able to get bills on the Floor?

Do we want to have adversarial relationships at all times, or just during campaigns?

My dream would be to have competition during the campaigns and after that link arms for the American people. If we have internal warfare at all times we will be far less productive as an institution. I believe that could be healed. Number one, I think the American people would be more than happy to send up a signal that would light up the night that they would like that.

Number two, it is good for the country. I think the President said that we should all come together as Americans to work together. He set the standard and we ought to do it.

But if in fact people over here are putting their finger in one another's eye all day every day, that is hardly an atmosphere to build a winning team. My dream always in business is to compete with a company that spends all its time on internal fighting. They don't have a chance.

[Laughter.]

Mr. PEROT. I can take ordinary people and beat them 10 times out of 10 if I have a cohesive team and strong ethical behavior.

Chairman BOREN. I might tell you that on this committee we have adopted a rule that even in terms of our seating Democrats

and Republicans will not sit on one side or the other of the committee.

Mr. PEROT. Terrific. We're all in this together.

Chairman BOREN. Neither will House or Senate Members. We are trying to make this an American committee and operate that way.

Mr. PEROT. I don't see a way where either party and its children will win and the other party and its children will lose. We are stuck in the same lifeboat.

Chairman BOREN. Exactly.

Mr. PEROT. We will all win or lose together, so we better work together to do it.

Time is our enemy. If I could put up some signs around here they would say, every minute is precious, because we're spending \$1 billion in debt every working day. The quicker we stop the bleeding, the more likely the patient is to recover and get to work again.

Chairman BOREN. One of the reasons we think we ought to streamline our 299 committees is so that we can work a little more expeditiously.

Mr. Walker?

Mr. WALKER. Thank you, Mr. Chairman.

Mr. Perot, we thank you for coming and spending some time with us today.

I am another who agrees with you on line item veto and on balanced budget. I think we need to put those disciplines into the system. It is interesting, though, as the dialogue with Mr. Craig indicated, Congress has on several occasions—since I have been here—passed absolute laws mandating balanced budgets and broken every one of them. That is something which is a reality in the system. A law will not do it because we have had laws on the books that when we have attempted to enforce those laws on the House Floor we have been told that they are irrelevant.

So there is a real problem if we don't have disciplined systems that really mandate.

It seems to me that in some of what you have done you may have given us an opportunity to figure out a new kind of discipline for the system. I would just like to run an idea by you. When you talk in electronic town meetings, quarterly financial reports, and so on, I assume that the goal there is to get the American people more directly involved in disciplining national decisionmaking. I have to tell you that I think the only discipline politicians will ever understand is when the American people force them to do something which they wouldn't otherwise want to do.

If we could find a constitutional way to empower the American people to mandate each year a specific level of sequestration or mandated spending cuts, would you think that was a good idea?

Mr. PEROT. Somehow we have to impose the discipline, and that is certainly an idea that should be carefully considered. Then the challenge is to come up with the best idea. Again, I am like the old carpenter. You measure twice and cut once. Too many times in my early career with great enthusiasm I would leap out to what I thought was the best idea and find there was a better one.

That idea should be put squarely on the table. I will say this for whatever it is worth. The story of my business success is that some young person who was too young and too inexperienced to have an idea came in with the weirdest idea in the world that all the old guys said, that is strange because we have been around a long time and nobody ever did this that way. But we listened to him. If we thought it had potential, we would fund him and again and again and again it turned into giant businesses.

Creative, unorthodox ideas should be considered in the system as you go through this process. Everyone should be put on the table and then the best one will find its way to the surface. On the town hall that you mentioned, we are hoping to demonstrate to the country what a thirst there is for knowledge. We are having our first one on March 21st.

We're going to have a way for the American people to vote on 17 issues. I want every newspaper in the country to have these 17 issues. I want every editor in the country to be saying that this is weird and strange. I want every Member of Congress out on the stump saying that this is good and this is bad.

By March 21st, on these core issues on reform, if we are lucky all of America will be talking about your mission and 1,000 great ideas will bubble up. You and the whole Congress will see that this is something the American people really, really want. Then in a very careful sure-footed way, you do it.

Mr. WALKER. Maybe you and I at some point can talk about some specific ideas as to how this could be done. I am just wondering whether it is correct to assume that you believe the more the American people can be brought in to discipline the system the better off the system will be.

Mr. PEROT. There is no question about it. Almost 200 years ago, Thomas Jefferson summed it all up and basically said, Whenever the American people are well-informed, they can be entrusted with their own Government. That is the purpose of our town hall.

You say, should this be something the Government does? I don't care who does it. Is there a better idea than this? Probably, but whatever it is, if the American people are well-informed, they can be trusted with their own Government.

Jefferson on another occasion said that the American people should never turn their Government over to their elected officials.

[Laughter.]

Mr. PEROT. He didn't mean that in a negative way.

Let me put it into street talk. If I own a small business and I leave town for 6 months and don't watch the cash register, I shouldn't be surprised that what used to be some nice, decent people working in my store have started dipping in the cash register, driving my car, maybe using my house on the weekends because they know I am out of town. You have to watch the cash register.

Mr. WALKER. Thank you. I would appreciate the opportunity to explore it with you in the future at some point.

Mr. PEROT. Yes, sir.

Mr. WALKER. Thank you, Mr. Chairman.

Chairman BOREN. Mr. Emerson?

Mr. EMERSON. Mr. Perot, I am sorry that we had business in the House and votes that kept us from hearing your testimony.

Mr. PEROT. I understand.

Mr. EMERSON. I have read your testimony and I look forward to reviewing the transcript of this hearing to understand the answers that you have given to questions colleagues have asked that I have not had the opportunity to hear.

It was very interesting what you and Mr. Walker were just talking about, and your quote of Thomas Jefferson is one that intrigues me. It raised in my mind a concern that I have. We hear the cliché very often that perception is reality. My concern is that in our modern electronic age very often perception really isn't reality, but we here in the Congress and in Government are dealing with the perceptions. It seems that it might be better if we stopped and dealt with reality and pinched ourselves once in a while. Maybe we should take that approach rather than always dealing with the perceptions. The perception would improve if we effectively dealt with reality.

I think that is a problem. The smoke-and-mirrors syndrome that we hear about so much is very real. I think that is because too often we're dealing with perceptions and not often enough with the reality of situations. Quite frankly, the reality of the situation is the reason I support so strongly the idea that has been kicked around here today: a balanced budget amendment and line item veto. I think we have to have those tools as forcing mechanisms.

I know that when the budget of Missouri is out of balance, the Governor and the Legislature do what they have to do to bring it into balance because we have a balanced budget requirement in the State of Missouri. It eludes me as to why we cannot also live under such discipline here at the Federal level.

I agree with you concerning the balanced budget amendment and the line item veto power for the President. But beyond those basic steps, what structural budget process reform would you suggest to bring our budget back under control?

This committee, during the course of our hearings over the past several weeks, has heard proposals to create a 2-year budget cycle, to collapse the authorizing and appropriations process, the requirement that Congress pass a binding budget resolution that must be signed by the President. Would any of these structural changes help also?

Also, from your vast perspective, are we utilizing technology enough to find cost-savings in Government?

Mr. PEROT. The short answer on the last one is no. If you look at the number of incompatible accounting systems you have in the Federal Government—let me go straight to the heart. You are losing somewhere between \$80 billion and \$100 billion a year in taxes because your computers are obsolete in the Internal Revenue Service and we have the world's most clumsy tax system. But with the world's most clumsy tax service, for the average guy, there is \$80 billion to \$100 billion—and I have had several people who have been head of the IRS make that statement.

Since it is just a matter of getting the latest technology in, even with this archaic tax system we have that is filled with paper, which we ought to get down to next to nothing for the average tax-

payer—we could get that much money, the cost of doing it, disappear. There is no interest at all in Congress in doing that.

Why not? They have told me, "When there is \$80 billion to \$100 billion that is not being collected, somebody is keeping it, and those folks are working the place." That may be absolutely wrong, but that is what every one of them tell me, that Congress has no enthusiasm for that.

I would personally hate for Congress to react, knee-jerk, go over and put a giant new computer system in to properly operate an archaic tax system. I would suggest that we do the whole thing at once and put in the computer system there.

I am not sure that Solomon is smart enough to put another successful patch on our tax system. It is like an old inner tube that has been patched by everybody in the world. We have people who have raised to an art form manipulating the patches because they understand the inner tube. I think we need to just throw a blank sheet of paper on the table and create a new tax system that is fair, raises the revenues we need, and is paper-less for the average citizen. If we can do that, we will get our revenues up, we will streamline it just by shoving the old one out the door when we make the change.

So technology-wise, you shouldn't have 300 incompatible accounting systems, 300 plus incompatible payroll systems, an IRS computer system that misses \$80 billion to \$100 billion every year.

You asked me, Why do the people think we don't keep books? I am getting specific now.

What was the question before?

Mr. EMERSON. The bell has rung.

You have touched very well upon the item of technology, which I think is one of the tools that we haven't utilized as well as we should to bring about better solutions.

Mr. PEROT. Tell Bill Gates, "Come over here, bring your best team, we won't pay you a penny, nobody has lived the American dream to the degree you have, you are the richest man in the United States. At your own expense, come up with a technology plan. Let's figure out where you would gain the most the fastest."

You have technology problems in the Pentagon. For years in the Pentagon you could not sell the Pentagon modern technology. It took so long to do a competition that by the time you won what you sold was obsolete. That's a fact.

I have been to military bases within the last 10 years that still had vacuum tubes. I don't know where they got them built, but these poor devils were stuck with that stuff. That has been changed now.

Trust the people. I think for every crook you have, you have hundreds of thousands of honest people in government. Just say, go get the job done. You have to have supervision and control.

Concerning this military procurement, I was asked at one point to come in and do a study to streamline Pentagon procurement. As a matter of fact, I was asked by a Member of Congress. I said that they wouldn't let me because I would set the slaves free. He asked me what I meant. When I explained it to him, he said, that's right, Ross. We wouldn't let you.

That is true in Medicare, Medicaid, and the IRS. Those people are dying to do it right. If you said you could make one stop to figure out a better tax system for the American people I would say to take me to the IRS. They are living with it. They are up to their ears in it. I would ask them how to do it. Anytime I get in trouble in business I go down on the floor where the people are and ask them how to fix it.

Cadillac was one of the worst cars in the country and became one of the best cars in this country, won the award for excellence in manufacturing because after all those years they finally went down and asked the mechanics what was wrong with the Cadillac. This poor devil is fixing it every day. He gave them an ear-full.

They asked the guys on the factory floor and got an ear-full. They asked the engineers and got an ear-full. When they got to the 14th floor of General Motors, they asked them what was wrong with the Cadillac. They said there was nothing wrong with it and it was the best luxury car in the world.

That is what happens when you have a system that is out of focus. Now we have General Motors downsizing. That destroys whole towns, as you know.

You can do that in Government and there are all kinds of people—Bill Gates is a classic example. If Bill is busy, I can give you four others, but he would do it. He would love to do something for his Government. I am sure he would.

You think he would have a conflict of interest. No, he would not be paid. You would be just asking him for a plan. There is nobody in the world more talented than that guy to give you a plan. He has redone the world as far as computing.

Chairman BOREN. We're going to turn now to Vice Chairman Dreier.

Mr. PEROT. And don't forget he is out there in a State where we all think they're out cutting trees.

Interesting things happen in odd places. The Wright Brothers were two bicycle repairmen. What are the odds that they could make an airplane? Bill Gates never finished college. He could have, but he was driven to do what he did. The Wright Brothers were driven to fly. Look for that guy. He may be in Oklahoma, Arkansas, or Arizona, but wherever he is, that man or woman will change the world.

Chairman BOREN. Mr. Dreier?

Mr. DREIER. Thank you very much, Mr. Chairman.

Let me say that it is good to see you again, Mr. Perot. I enjoyed working with you during the decade of the 1980s as we tried to deal with that tragic situation and the plight of those Americans still classified as prisoners of war and missing in action in South-east Asia.

You have done a spectacular job, as we all know, of galvanizing many Americans to in fact get involved and focus attention on the challenges that we have here in the Government. I, too, like Mr. Emerson, was struck with your quote from Thomas Jefferson about well-informed Americans. I am going to take just a moment to explain why I was late.

First, we all know about these six votes that took place on the House Floor, but I was the last one to walk into the room because

after those votes I was forced to walk upstairs on the third floor just above the House chamber to the Rules Committee.

I don't know if you are familiar at all with the Rules Committee in the House of Representatives, but the founding fathers were very wise in establishing it. We know that the Senate doesn't really have much structure. Amendments are offered on a regular basis and they are proud of the fact that they don't have much structure.

In the House of Representatives, we have this Rules Committee which is really the vehicle through which every major piece of legislation must go before it gets to the Floor.

Chairman Hamilton mentioned the fact that we are not here dealing with health care reform, balanced budget, and all these items. But frankly, it is the action that this committee is going to take which will effectively allow us to deal with those things.

You have referred very accurately to the need for us to realize that we're all in this boat together. We are. I praise my colleague, Dave Boren, for allowing us to sit up here, House and Senate Members, Republicans and Democrats alike. Tragically, in our Rules Committee it is anything but that.

In fact, it is an amazing juxtaposition for me, Mr. Perot, to walk out of the Rules Committee and walk onto this committee. Why? Because in that committee we have a nine to four ratio, nine Democrats and four Republicans. It is a two to one plus one majority that they have against us.

What the Rules Committee does is to determine what amendments can be allowed on the House Floor and how much time those amendments can be there. It is a very useful vehicle on many occasions when we have an extraordinarily complex tax bill and we shouldn't simply open that up on the House Floor for all 435 Members to get into it.

Let me tell you what has happened in the first 3 months of this year. Let me go back to the 95th Congress where 15 percent of the Rules which came to the House Floor under which legislation was considered were restricted, meaning that they said only so many amendments could be offered. The balance - - 85 percent were open, meaning that any Member, as they witnessed debate, could get up and say that they have a great idea and the amendment is germane and should be offered.

That happened in the 95th Congress in 1977 and 1978 before I got here. In this Congress, the 103d Congress, as we enter our third month, 100 percent of the rules under which legislation for family and medical leave and these other items we're considering now have been restricted, meaning that Members don't have the opportunity to offer amendments.

The case has been made constantly that the Democrats feel that we Republicans simply want to offer amendments that are going to embarrass them, forcing them to vote on issues they want to address.

Tragically, that is wrong now. We have an American electorate which is not well-informed about the fact that we have a gag rule procedure imposed on Members of Congress. These Members of Congress have been disenfranchised. We are not allowed to represent the 600,000 people—in my case, from the Los Angeles area—

who sent me here because I don't have the same right to offer amendments as Members of the majority.

I would say to you that this is a very serious problem, and I believe one of the most serious attacks on the process of representative government. I would ask you if you could play a role in getting United We Stand and others aware of this rather amorphous sounding issue, which tragically the media does not spend enough attention on, before the American people.

Mr. PEROT. We will certainly study it. As you present it, it certainly seems that anybody sent to Congress by the people should have the right to offer bills and amendments. It should not be partisan. Maybe I have a blind spot, but we will study that very carefully. With your permission, I will contact you so that I will learn more about it.

Mr. DREIER. I will look forward to getting into it further.

I wanted to raise the issue of this budget which has been submitted to us just briefly. I saw in your testimony that you said in referring to the American people, "They absolutely do not want tax and spending programs first with only the possibility of cuts and savings at a later time."

In 1981 and 1982, as we looked at the budget that came before us, there were \$3 in spending cuts for every \$1 in taxes increased. We all know what happened. We got the \$98.5 billion tax increase and we're still waiting for those spending cuts. We have heard this was two for one. You wisely point out a \$1.83 disparity from the 1990 budget summit is actually \$2.37 in spending increases for every \$1.

Mr. PEROT. When you're from Texas, you always understate everything.

Mr. DREIER. And we in California have a tendency to exaggerate. [Laughter.]

Mr. DREIER. What is the proper ratio of spending cuts versus tax increases?

Mr. PEROT. I have spent a lot of time on that. I can tell you, from talking to an awful lot of people across the country, we feel that it ought to be \$2 of spending cuts for every \$1 increase in spending.

As a Nation, we have to succeed in what we're about to do. If we don't succeed, we will pay a horrible financial penalty. Our new President—there is no question he wants to succeed in this. He wants to do it for our country and it will determine whether or not he gets reelected. If this thing comes off the track, it will backfire terribly. That's the reason we need to be absolutely careful and come down to this complete plan with a quarterly report and track it quarter-by-quarter and call things what they are. Call tax increases tax increases, spending cuts what they are, spending what it is, and then just track it right down.

The American people expect some ups and downs and what have you, but that puts a discipline in the system that doesn't exist today that we believe would be constructive. If there is a better one, we would be delighted to go on that.

Mr. DREIER. I want you to help on the rules. Will you also, Mr. Perot, help us get the reform package that is going to come from our committee passed by the United States Congress?

Mr. PEROT. I am really nothing in this whole operation. There are millions of people out here that are part of our operation. They all think independently and everything bubbles up from them. The key is "they". Let me just tell you that based on a year of having worked with them, all they want is a great country for themselves and mainly for their children. They are willing to do their share or more than their share. They want it to work. If you pass great reform without compromise—if it gets watered down with a little zig here and a little zag there and more business-as-usual and the assumption is that we can't see through it, then the odds are we will see through it and that will get everybody turned off.

If anything like that is occurring that in my judgment upsets good working people across the country, I will tell you quietly because I know your objective is to do it that way.

So you can count on our organization—and I will funnel everything I am hearing from the field to you in terms of their sense of whether this is really going to be a revolutionary, great repositioning of how Congress works that gives us an effective Government as we pay down our debt and build for the 21st century for our children.

If it is, you will be amazed at how supportive they will be. If you need cards and letters, fine. If you need phone calls, fine. If you need rallies, fine. As long as it is going well, they will work every congressional district in this country.

Mr. DREIER. You said in your testimony, "Don't worry about the votes." Frankly, I will tell you that I am very worried about getting the votes.

Mr. PEROT. Give us a good bill and then tell us to get out and deliver. We will be organized to make sure that this gets done. I understand that we have some very well-informed and well-financed opposition—what I call the entrenched system in Washington—that is here that will not want these changes to be done boldly.

But the exciting thing to me is the people on the committee. I think you do want them. Since it is our country, we are only limited by our willingness to stay the course.

Mr. DREIER. Many people have said that this is the most important committee in the Congress this year. We go out of existence December 31st, but this is the one hope. As Senator Boren has said time and time again, if we don't do it now, it is never going to get down.

Mr. PEROT. I think this committee will be written about like the Constitutional Convention and the people who came together on the Declaration if you do your job well. Historians will be focused on you for the next 100 years because you took us into the 21st century.

The ripple effect—as Congressman Hamilton pointed out, there are some things I discussed today that you're not dealing with. But let's assume that you're moving boldly. That inspires others to move boldly and it will happen across the board.

Chairman BOREN. We appreciate your comments and I appreciate the vice chairman's question because this is going to take popular support. When you think about, What does it mean to trim 299 committees and subcommittees down to maybe 50 or 60? What does

it mean to say the staff members from those unnecessary committees will no longer be there? It means that the empires for some people are going to have to be sacrificed. That is not going to be voluntarily yielded very easily here without the people letting us know that they are interested in it and it is important.

I know you need to leave. One brief question and then I will turn to Senator Cohen for a final comment and we will be through.

One of the things that we are looking at in a very specific sense is the Ethics Committee process when a Member of Congress is accused of wrongdoing and improper behavior. As you know, the two Houses now have ethics committees composed of sitting Members. In other words, we are expected as Senators to judge Senators and House Members to judge House Members.

Some have suggested that we look at a new procedure which at least in part—the Constitution probably mandates that we punish our own Members—but at least in terms of finding of fact, grand jury phase of the process, or some other phases of the process in terms of determining whether this behavior is such that it merits an investigation—now it is up to the Members to impose the punishment.

But the idea that we find the facts ourselves and are sort of judging ourselves—do you think it would strengthen the confidence of the public in Congress as an institution if at least in part of this process, when Members are accused of wrongdoing, that those who are not sitting Members—outstanding citizens, perhaps some former Members, outstanding former public officials, but then just plain citizens who have made a mark and who are known for character and integrity in their home States and home communities—might serve as a part of this process, might serve in at least part of the process on the Ethics Committee.

Do you think that would strengthen the confidence if we had some citizen input as opposed to just Members judging Members?

Mr. PEROT. Yes, sir. And I would suggest that you consider having them in place, not having to bring them together for an event. That group is there and when there is a problem they would deal with it.

The American people just hate the fact that Congress exempts itself from laws it passes for us and it has a dual standard. If you want to see an audience react, just talk about the Ethics in Government Act. We are back to square one.

I heard Margaret Thatcher say the other night that all free societies rest squarely on a moral, ethical base. I believe she is right. That is why you and I keep coming back. We will either sink or swim if we have a strong moral ethical base.

I wish all the committee members were here, but do you realize that all of America imitates Congress and the President? Corporate America will imitate what happens here. You are our role models. I can give you 1,000 examples. You set the standard for what we are. If you have a very high standard—there is another point that Mrs. Thatcher made. She said that self-governing societies rise or fall based on the willingness of each individual to take full responsibility for his or her own acts.

When you look at the weaving, the ducking, and bobbing that takes place in this country, it is just bizarre that nobody wants to

take responsibility for his own acts. If it is done in the White House, if it is done in the Congress, the ripple effect across this country will be a tremendous strength to rebuilding our country.

Chairman BOREN. I think that is why it is so important that we do involve some outside people in the ethics process.

Mr. PEROT. That's a great idea. I would just make them permanent.

Chairman BOREN. That's also why it's so important that when we get into lobby reform it does close the revolving door and it does force disclosure. A lobbyist should have to itemize expenditures for trying to influence Congress. If it includes meals, trips, and so on, that ought to be out there and there ought to be accountability.

Accountability also goes to this committee structure that we're talking about. When 20 committees act on a bill, how in the world can an average citizen possibly follow the process of a bill through Congress? How in the world can they then find out which Members of Congress either helped pass it or helped kill it so that they can hold them accountable?

As long as we have this Byzantine 299 overlapping committees and all the rest of it, there is no way that we can be held accountable for our individual actions. So I think what you have said is extremely important.

Mr. PEROT. This is so important and so precious because unless you pinpoint responsibility and authority, you can't hold anybody accountable in any group effort anywhere. That is the way it is set up. If one group has the responsibility, there is no place to run and no place to hide. Do it right.

I would carve that up here in the marble somewhere, too.

I can't tell you what the ripple effect across this country would be. The only suggestion I would make—I would agree that if there is any spending by lobbyists—but I would hope that we will have one where lobbyists don't spend, but they just bring you ideas. I love that. If what they really have to bring you is ideas, let that live. But that is all they can bring you. They can represent an American company, they can bring these ideas, but they can't do anything else.

You're going to listen because you're concerned about these American companies and you want them to do well. If they're representing an individual, you will be concerned about that individual. But it is all up-and-up. It is on the merits of the case and not, What can you do for me?

That is never said—nobody ever infers that, but it is under there. It is under there all the time and that creates perceptions and then we copy, unfortunately, across America.

Chairman BOREN. It is not coincidental that the Political Action Committees give nine to one to sitting incumbents versus challengers because they are the people whose doors they need to open to come in to see to talk about legislation. No wonder, then, the people have the perception that we don't listen to all the American people equally.

As they say in some media programs, I am going to give Senator Cohen the final word, after which point we will stand in recess.

Senator COHEN. Thank you very much, Mr. Chairman.

As one of the new Founding Fathers—

[Laughter.]

Senator COHEN. Let me assure Mr. Dreier that while the House may have a Rules Committee which is much more efficient, the Senate does have a far greater sense of equity to allow the kind of bipartisanship displayed on this committee than does the House. Perhaps that is one of the reasons why so many House Members are eager to move to the Senate so that they can then operate under the aegis of Senator Boren.

[Laughter.]

Senator COHEN. When I first walked into the room earlier today I made the comment, did I miss something? Who won the election?

I had just walked away from a meeting with President Clinton and I came into this room and found as many people here as there were waiting outside at the Capitol for the President. A reporter asked me what I meant by that remark? I said that it means you have an awful lot of supporters out there.

That is one of the reasons why I think we have been so interested in listening to what you have to say.

There is a philosophical split that remains in this country. It is within our own parties, but it is also between the parties. There is a notion that somehow Republicans have always been favoring the rich because they advocated lower tax rates. I would like to point out, for example, that a very prominent Democrat Senator, Senator Bill Bradley of New Jersey, was one of the staunchest advocates of cutting back on the tax rates, provided you also eliminated some of the deductions and exemptions. There is a belief that if you cut tax rates and you cut regulations and you limit the amount of deductions, you're going to have a much greater spurt in the growth of economic prosperity in this country.

We have that group within our own party. There are others who focus principally upon the deficit. They are seen as being somewhat negative forces in our political system. They point to Senators Dole, Domenici, Rudman, and some of the others who advocate that we focus upon the deficit as the number one priority.

So what we have to do is to reconcile that split in this country because we have people running off to the right and left saying that we need to cut taxes and the economy will take care of itself.

But we seem to be going the other direction now because we're going to higher tax rates—up to 36 percent in all probability—we're going to surtax on upper income. Let me tell you that the people I talk to back in Maine—there aren't many millionaires, mostly common people as you have talked about today, some of them even successful businessmen and women. They say that they are prepared even to pay higher taxes provided it goes to lower the deficit, which is another way of saying what you've been saying.

We have a dilemma to resolve. We may have to go to higher taxes. Hopefully, if we do that, it will be directed to lowering the deficit.

You quoted Jefferson. He also said that whenever one generation spends money and taxes another to pay for it, we are squandering futurity on a massive scale. And that is about what we are up to and have been up to for some time.

So we have to resolve this conflict. I suspect we're going to have higher taxes. My hope is that it will go for lowering the national

debt and the annual deficit. Then we ought to come back to what I think is an appropriate economic philosophy, that by lowering rates, by lowering the level of regulation we impose on business, and eliminating the deductions—because every time you start raising the tax rate, then the pressure comes that we have to have deductions and more exemptions.

You talked about improving the IRS. We have found that when you lower the tax rates you found greater compliance on the part of the American people. We have a voluntary system in this country. The reason they were more willing to comply is that they weren't looking for ways to get through the exemptions, hiring layers and accountants.

So we have to resolve that philosophical split that still exists within our own parties and also within the country.

One final comment, Mr. Chairman.

John Gardner wrote a book, I recall back in 1970 or 1971, called the *Recovery of Confidence*. Believe it or not, he was writing about the same issues we are here talking about today, the recovery of confidence on the part of the American people.

One of the phrases that stayed with me was that the American institutions have become caught in a savage cross-fire between uncritical lovers and unloving critics. There are people on one end of the spectrum that are so enamored with the status quo that they will fight to blunt and stultify every single attempt to change.

At the other end of the spectrum, there are those unloving critics who only see the negative in life and in our system and have absolutely nothing positive to recommend to change it.

He suggested that we become loving critics of this system, that you love the institution that we have, recognizing that we have great faults, blemishes, and defects, and it is our responsibility to change them in that spirit. That is the way in which I take your testimony and what you've been doing throughout the country and what we hope to be able to achieve up here.

Thank you for sitting through the rest of the afternoon.

Mr. PEROT. Thank you, sir.

One of my happiest memories of the last year occurred a few weeks ago in Maine. There was a windchill factor of 20 degrees below zero, we were in Rockport, Maine, it was night, we were driving back to the airport and there was a family of four standing by the highway. We don't have a motorcade. I just rented a car from Hertz. We were just a car going down the highway but they had listened to it over the radio and they knew it was over and there was only one way to get to the airport. They were standing out there at night waving an American flag.

That's the kind of thing that if we keep that kind of approach—and that is what we're trying to do in our organization—all we want to do is work constructively to solve these problems.

It was a privilege to be with you. Thank you for allowing me to come.

Chairman BOREN. Thank you very much. We appreciate you spending so much time with us this afternoon.

Mr. PEROT. Anything we can do to help, let us know.

Chairman BOREN. Thank you very much.

[Applause.]

[Whereupon, at 5:54 p.m., the Joint Committee was adjourned to reconvene at the call of the Chair.]

APPENDIX

PAGE 22

THE WASHINGTON POST NATIONAL WEEKLY EDITION

SEPTEMBER 9-15, 1991

COMMENTARY

Mr. Smith Goes to Washington—the Real-Life Sequel

To get along, go along—or else;
this ain't no movie

By Steve Severin

CEDAR RAPIDS, Iowa—Even in a quiet year, many believe, Iowa is being inundated by presidential contenders. Our first-in-the-nation caucus state is seen as a model of democracy. Perhaps it is, yet there is a terrible feeling here that it just doesn't matter anymore. Those who once took pride in raising issues at their neighborhood caucuses, knowing they had a chance of affecting the national agenda, are feeling left out.

Excitement has begun because people believe they're trying to work within an American campaign system that's gone haywire. I'm on political evangelist, but I've made it my business to tell my fellow Iowans just what's happened. More specifically, I tell them about my experience last year as a candidate for the U.S. House of Representatives.

They've found my experience appalling—condemning what some Iowans believe has gone wrong: the dramatic shift from a participatory democracy to a highly centralized and manipulative system. At the risk of sounding naive, I'll confess that I was struck by this realization when I made my quest for the Democratic nomination in Iowa's second congressional district—a seat vacated by Rep. Tom Tauke, who unsuccessfully challenged Democratic Sen. Tom Harkin.

My instruction was served up by the Democratic Congressional Campaign Committee (DCCC), the group whose purpose it is to maintain a Democratic majority in the House. On March 1 last year, the DCCC put on a workshop for challengers at its Washington headquarters, a couple of blocks from the Capitol. The Republicans were doing the same thing at a different time and place.

I attended the workshop with 70 Democratic candidates from all over the country. We hoped that those in Washington, not particularly in my party, had been evaluated to the congressional need for campaign reform. After all, one would have expected scandals like the "Kosling Five" situation to have brought on a rush to find a better way. I looked forward to returning to Cedar Rapids filled with ideas, ideas, ideas and inspiration.

It didn't happen that way. Instead, we were lectured by members of Congress, PAC representatives, pollsters, consultants and media specialists who told us how the "game" is played. As one aptly recorded told down their words of wisdom, we heard political "bassess" like the following:

• A Marty Stone, senior member of the DCCC: "Money drives this town."
• Tom King, principal of Fern and King consultants: "Go on, go to sell yourself in Washington first" (pointing out the primacy of Washington professionals over the people you intend to represent). "Negative politics is a primary campaign products damaged goods," he added. "But just get to go to what you've got to do."
• A Frank Greer of Greer, Margolis, Mitchell: "The game of raising PAC money here in Washington will make the difference. Understand how the game is played. It's crucial to your being one of the few that will win. He continued: "It doesn't matter whether negative campaigning is good or bad, it's a reality."

There was more advice at the workshop: Rep. Peter Hoagland, a Nebraska Democrat, assured us that "raising campaign money from Washington PACs is much easier than from individuals because it's a business relationship."

I wondered just what kind of business relationship he had in mind. Having been in business for 25 years, I believed such a relationship to be an exchange of money or some other commodity for products or services of value. Marty Stone clarified this concept for us: "These services are paid to give you money," he said. "You have to do certain things, but they want to give you money."

George Gould of the letter-carrier union indirectly explained why so little PAC money goes to challengers—and how PAC giving has less to do with ideology than with access to power: "I don't give my money to those I think are going to lose, so you have to convince me you're going to win."

He didn't miss words about the implied agreement between the PAC and the recipient of the PAC's largesse. Nor did he flinch when he said, "When you take PAC money, you are saying you're their friend."

As a candidate, I refused PAC money—one of two House candidates in the nation to do so. In part, this decision was a reflection of



James Stewart in "Mr. Smith Goes to Washington"

the canon-generated platitudes of Iowa Democrats—one that called for an end to the influence of PACs and a limit to the abuse levels of campaign spending. In addition, I had been working for campaign reform since 1980 in the belief that the best way to return the agenda of representative democracy to its citizens is to return a government beholden only to them and not to Washington-based, special-interest pressure groups.

In light of that, you can imagine my reaction to being lectured in the workshop by Hoagland, who said, "Based on you may be under pressure to repudiate PACs. I strongly suggest you not take the book. Instead, just don't work."

Many candidates, including me, were fighting personal financial odds to take a year or more from their jobs to campaign for Congress. Nevertheless, we were told by Hoagland—who, incidentally, spent \$180,000 of his own money on his campaign—that the "ultimate test of your commitment is how much of your own money you are willing to put into your own campaign. If you aren't willing to use your own money, you ought to think about [doing] something else."

He further urged us to adopt this approach because "it will be a permanent career change, you'll be here as long as you want." He was apparently endorsing a system of campaign funding that has become an overwhelmingly effective incumbent-protection tool. He was also, in my view, advocating the principle that personal wealth is an appropriate qualification for election to office.

The complete Washingtonization of politics had become abundantly clear. It was all right there. Everything you could ever want for a successful election was either right in the room or within walking distance.

The second day of the workshop began with a "meeting dinner" lunch, limited to candidates and PACs. Candidates wore blue name tags and PACs wore red. The occasion was opened by Arkansas Rep. Beryl Anthony, then head of the DCCC, who defined PACs as an acronym for "People Are Concerned." He said that candidates facing those who criticize PACs must "take that same straight to 'em because PACs represent thousands of little people."

I saw the Phillips Petroleum PAC representative smile with approval. I wondered if he was representative of the "little people" to whom Anthony referred. The congressman went on to tell the PAC people they'd be able to pick winners and find matches in the room that will "make your board of directors proud of you."

Candidates were coached to hire Washington consultants and pollsters with the money they raised from Washington PACs. Hoagland told us we "must hire world-class people and not local [back home] people. That's why you have to raise a lot of money." The letter-carrier's words said, "You can't hire local people—forget it."

Talk about vertical integration of the campaign industry! Here was a congressman telling us how to get the money and a PAC director giving the specifics, while on the same panel were the consultants, pollsters and media gurus who were ready to spend every dime of it for us. Left out of the equation were the people I sought to represent.

Gould went on to warn candidates of the folly of involving volunteers from home districts, saying we may need them near election day to "walk the streets." Said Gould, "In the first places they'll be on hand. They can't do polling, radio, direct mail or TV." At the moment he spoke, my campaign had scores of volunteers who still believed in a government "of the people," phoning neighbors to talk about the campaign and issues that concerned them. Other volunteers were stuffing and stamping envelopes for a "direct mail" response to those concerns.

I suppose you could say that my reaction was pretty emotional. I stood and applauded the candidates and pollsters, saying that much of what we'd heard is much of what is wrong with the process of politics, campaigns and government today. I told the gathering that it ought to be the Democrats who lead the effort to end the kind of politics we've been coached that day to embrace.

There was an uncomfortable moment of silence after my comments. It was broken when PAC director Gould said, "Well, I guess we don't have to worry about contributing to that campaign." There was polite laughter and the workshop proceeded.

Later, though, many of the candidates approached me individually to second my diatribe about a system out of control. At one point, there were five of us in the restroom during a break, railing against the emptiness and proposing how we might break the system. However, most of them already had committed to raising as much PAC money as they could, so they didn't want to express their concern in the presence of PACs and the DCCC. But, before the workshop was over, more than half of the candidates present, one at a time, whispered their affirmation of my remarks and their deep disappointment in the position of those representing our party.

One lasting impression came during a brief discussion I had with a would-be candidate who decided, during those two days, not to run. "This has got to change," he confided. He pointed out the difficulty of bringing such activity to an end. A psychologist by profession, he concluded that the behavior he witnessed was addictive in nature and that he had often seen similar symptoms in his practice. We proved him the next morning "politically addictive" campaign—PACs fed all of what we saw here. It is an addiction, he said, that has to be "tucked."

In looking back, I realize how serious Frank Greer was when he said, "The campaign that gets the help are the ones that listen to the DCCC when they say that you have to go after a specific PAC and the file. The candidates that listen will get the help in the last few months of the campaign."

Our campaign was not from the DCCC mailing list soon after the workshop. The issue papers, congressional calendars, updates on important legislation and all the rest were sent only to my primary opponent, Eric Taber, who was making his third run for the House. He had been the third highest PAC-funded challenger in the nation during the prior election. On election night, when I called my opponent's office to concede, the person who answered his phone was a paid staff member of the DCCC. In November, Taber was defeated by Republican Jon Nuss.

Now, the Senate has taken some steps toward campaign reform, and the measure is passed in the spring in the House. I would like to show members of Congress the petition I have. It was signed by the 13 members of the Daughters of the American Revolution who met on a Tuesday noon in the library in Marston, Iowa. The same response came from the 41 members of the Clinton-Kavanaugh Club, 27 members at the meeting of UAW Local 1024, the executive committee of the Lion Country Farm Bureau, the Lions Club of Lansing, Rotarians in Manchester; a Gettysburg High School government class; a local chapter of the American Business Women's Association; DuQuaker Optimists; 15 members of the Cedar Rapids NAACP; and more than 50 other diverse eastern Iowa service clubs, civic groups and the like.

The citizens at these gatherings, including Republicans, Democrats and independents, agreed a petition that is a call to action to end the stranglehold that PACs have on democracy, return the agenda of government to its citizens and stop the "arms race" of campaign spending.

You have to wonder if it is possible for House members to hear the voices like those in eastern Iowa and join with the Senate to begin the return to a government of, by and for the people. Or will they adhere to a government of the PACs, by the consultants and for the special interests?

Steve Severin, formerly a sign manufacturer, is now a low student at the University of Iowa.

**TESTIMONY OF ROSS PEROT
TO THE
JOINT COMMITTEE ON THE ORGANIZATION OF
CONGRESS**

MARCH 2, 1993

I commend the members of this Joint Committee on the Organization of Congress for your willingness to tackle the difficult task of reforming our government. Your work in the coming weeks and months will determine the success of the plans before Congress to bring run-away spending under control, and restore the confidence of the American people in their government.

The American people are fortunate to have some of the finest members of the House and Senate serving on this Committee. This undertaking will require great courage on your part. Stand on principle. Don't compromise. You will have the support of the American people.

Across this great country, ordinary citizens will be cheering for you who are willing to make the difficult decisions —

- To reform our government.
- To rebuild our country.
- To stop spending our children's money and pay our debts.
- And, to lay the foundation to assure that the 21st Century will be the greatest in our country's history.

The people understandably feel that after going four trillion dollars in debt, our elected leaders should have created Utopia. In the United States, for example, we should now have—

TESTIMONY OF ROSS PEROT

MARCH 2, 1993

JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS

- Great jobs for everyone.
- A growing, expanding economy.
- The best schools in the world.
- No crime.
- No illegal drugs.
- The world's finest health care system.
- Effective social programs that benefit the needy.

Our only challenge should be to pay the four trillion dollar debt.

As you well know, we have not created Utopia in America.

- We have the most violent, crime-ridden society in the industrialized world.
- Our public schools rank at the bottom of the industrialized world.
- We have 5% of the world's population and 50% of the world's cocaine use.
- Our roads, bridges and other infrastructure are in decay.
- Our industrial base and job base are deteriorating. Our citizens are not at work in good jobs. Millions have no jobs. We ship entire industries overseas.
- Even our finest companies are downsizing.

Our country has been mismanaged. If we were a business, we would be bankrupt.

TESTIMONY OF ROSS PEROT**MARCH 2, 1993****JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS**

In short, we have the worst of both worlds. We have a four trillion dollar debt, and we are surrounded by problems that will take huge expenditures to resolve.

As your Committee does its work, if you do it without compromise — and I am sure you will — within a few months, this Committee can restore the confidence of the American people in their elected servants and their government.

All across this country, millions of people will support you and admire your courage.

Our financial situation is critical. We are over four trillion dollars in debt. We have added over 130 billion dollars to the national debt since the November election. The annual increase in the national debt exceeds the cost to fight and win World War II. All ordinary income taxes paid west of the Mississippi River are needed just to pay the interest on our debt.

These numbers are so large that most of us have had difficulty comprehending them. The magnitude of the debt was not discussed in prior political campaigns. Today, the American people understand the problems posed by these numbers. They know we need action now.

The mood across America is one of frustration, apprehension, and, yes, distrust. There is a serious lack of confidence in government based on past performance.

I regret having to say that the American people do not trust their government. The Tax and Budget Summit made us skeptical, even cynical about being manipulated and misled by our elected servants. Go back and look at what our government told the American people at the Tax and Budget Summit.

That agreement was supposed to deal with the deficit and to bring federal spending under control. It didn't. In fact, spending was increased \$1.83 for every dollar of new taxes.

The people are concerned that the federal government does not keep books. The people believe that financial records either do not exist or are wildly inaccurate. They

JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS

are convinced that they are routinely given misleading, distorted numbers by their elected servants.

At a time when we desperately need a growing, expanding economy, our job base and tax base are deteriorating.

The average citizen has figured out that the only way out of this problem is for every American to be working in a good-paying, private sector job so that he or she can pay taxes.

The average American knows that we have exported millions of jobs overseas through trade agreements that don't make sense for the United States, and that these agreements were engineered by highly paid foreign lobbyists, many of whom were former United States government officials.

The average citizen has figured out that if four trillion dollars didn't jump-start our economy, additional federal expenditures to create jobs will not be the answer.

The average citizen understands that sacrifice will be necessary. The people are willing to sacrifice, provided that the programs are sound, well conceived, and work.

This time the American people must have all the facts.

- They want the details — not the sound bites.
- They absolutely do not want tax and spending programs first, with only the possibility of cuts and savings at a later time.
- They want to see the whole plan laid out, and explained to them in detail before it is passed into law.
- They want an audited financial report each quarter to see whether or not we are on target. If not, why not.

JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS

- They want a balanced budget amendment as a condition for the tax increase to assure that we do pay our bills and eliminate our debt.
- They want the President to have the line item veto.
- They want to clean up the federal election process and eliminate the electoral college.
- In order for Congress to be able to attend to the business of our country, we must dramatically reduce the cost of political campaigns so that the members of Congress do not have to spend so much time and energy raising money.
- We must have a mechanism that allows Congress and the White House to listen to the people. Each member of Congress should know the views of the people in his or her district on the vital issues.
- The people, the owners of this country, want a proper voice in their government. They feel they have a government that comes at them from Washington — manipulated and controlled by foreign lobbyists, domestic lobbyists and other special interests. They want a government that comes from them.

Corporate America is downsizing. The federal government must downsize. The White House and Congress must downsize.

People realize you have 300 committees and subcommittees, and a personal staff that has grown to 12,000 in Congress with an additional 20,000 in support agencies. The people want you to trim down. From your proceedings, I understand that Senators, on average, serve on twelve different panels. You cannot adequately focus attention when you have such a broad scope of responsibilities.

We cannot afford to spend as we have in the past.

TESTIMONY OF ROSS PEROT

MARCH 2, 1993

JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS

The highest priority is for government to lead by example to regain the trust and respect of the American people.

The following advice could be the standard for this Committee's work:

The budget should be balanced.

The Treasury should be refilled.

Public debt should be reduced.

The arrogance of public officials should be controlled.

These are not my words. Cicero spoke these words two thousand years ago.

The people feel that Washington should provide strong, effective leadership. The American people cannot be expected to sacrifice while their elected servants continue to live in royal splendor. All sacrifice should begin at the top — with our elected leaders.

You must eliminate all of the perks and practices that have caused the American people to lose confidence in Congress. The White House must do the same.

The American people are so well informed that legislation which only creates an image of correcting these ethical problems will not satisfy them. I know this Committee will not disappoint the people. I encourage you on behalf of the American people to reform our government without political compromise. Your Committee can set a new standard for ethics in government. Don't worry about getting the votes in the House and Senate. Give us great legislation. We, the people, will see that it gets passed without compromise.

Fairly or unfairly, the people feel that our government and some of our government officials are for sale. Other countries around the world share this feeling.

From the Japanese Economic Journal:

- "Influence in Washington is just like in Indonesia. It's for sale."

TESTIMONY OF ROSS PEROT

MARCH 2, 1993

JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS

The British view from The Economist:

- "Washington's culture of influence for hire is uniquely open to domestic and foreign bidders. Its lawful ways of corrupting public policy are unrivaled in the world."

The Dutch view:

- "A big part of the problem is that so many Americans are for sale."

To correct this, we must completely get rid of foreign lobbyists.

Elected, appointed and career federal officials must come to Washington to serve, not to cash in. I urge you to shut the revolving door that allows people to instantly move back and forth from being a government official or a Member of Congress one day to a highly paid lobbyist the next.

We must reduce the role of domestic lobbyists to that of only providing information — but not, directly or indirectly, providing money, influence, trips, or anything else that would cause the American people to lose confidence in their elected, appointed or career servants. Our government servants must, if they want the trust and confidence of the people, not accept anything from domestic lobbyists, or any other source.

I urge all of you to resolve that when the work of this Committee is done, there will be large signs in front of Congress, the White House, and every part of government that read, "NOT FOR SALE AT ANY PRICE."

The people feel that our current system of government adversely impacts the ethical standards of our elected servants. We must change the system.

This Committee can create a new government that operates in the center of the field of ethical behavior — not along the sidelines. The real test for the future should be — *Is it right or wrong?* — not *Is it legal or illegal?*

TESTIMONY OF ROSS PEROT

MARCH 2, 1993

JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS

When you complete this task, you will be covered with scars and bruises.

There will be many days when you wonder — Is it worth it?

Compare your sacrifices to those who founded our country.

Think of those who died on the battlefield.

Take an hour and look at the names on the Vietnam Memorial. Think of your own sons and daughters, as you look at these names.

Remember Churchill's shortest speech — "Never give in, never give in, never, never, never."

Leave Washington for a few days. Go home. Visit with the people. They will give you new strength.

My personal view is that the American people elect fine citizens, who come to Washington to serve, but become trapped by a system that is flawed. The end result is a system that produces gridlock and a four trillion dollar debt. The system must be changed, if our government is to function properly. A Washington Post editorial, "Mr. Smith Goes To Washington," sums it up. I will leave copies for your review.

Remember that in order to endure, self-governing nations must rest on a strong moral, ethical base where each citizen takes full responsibility for his or her own actions. This Committee is rebuilding that base for our government. You hold this nation's future in your hands.

TESTIMONY OF ROSS PEROT

MARCH 2, 1993

JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS

As you work through this challenge, remember Theodore Roosevelt's words:

It's not the critic who counts . . .

The credit belongs to the man who is actually in the arena . . .

Who strives valiantly . . .

Who knows the great enthusiasms, the great devotions . . .

Who spends himself in a worthy cause . . .

Who, at the best, knows in the end, the triumph of high achievement,

And who at the worst, if he fails, at least fails while daring greatly.



Page 9

ISBN 0-16-040273-5



9 0000



9 780160 402739